103

WHO'S MINDING THE BABY? QUALITY AND AVAILABILITY PROBLEMS IN CHILD CARE FOR AMERICA'S CHILDREN

Y 4. SM 1: 103-66

Who's Minding the Baby? Quality and...

HEARING

BEFORE THE

SUBCOMMITTEE ON REGULATION, BUSINESS OPPORTUNITIES, AND TECHNOLOGY

OF THE

COMMITTEE ON SMALL BUSINESS
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

WASHINGTON, DC, FEBRUARY 11, 1994

Printed for the use of the Committee on Small Business

103-66

Serial No. 103-66

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ISBN 0-16-044875-1

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WHO'S MINDING THE BABY? QUALITY AND AVAILABILITY PROBLEMS IN CHILD CARE FOR AMERICA'S CHILDREN

FRIDAY, FEBRUARY 11, 1994

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON REGULATION, BUSINESS
OPPORTUNITIES, AND TECHNOLOGY,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The subcommittee met, pursuant to notice, at 10 a.m., in room 2359–A, Rayburn House Office Building, Hon. Ron Wyden (chairman of the subcommittee) presiding.

Chairman WYDEN. The subcommittee will come to order.

I want to say that I am very glad that our guests, our witnesses, members of the administration, journalists and others are here and here safely, given the dire peril that is outside.

I would also like to take special note of our recorder, our stenographer. The Federal Government is closed today, and you hear a great deal about dedication of Federal employees, and I think it is worth noting that our stenographer is here when, as I understand it, she doesn't have to be here, because she is a Federal employee. We very much appreciate your dedication.

Today the subcommittee on Regulation, Business Opportunities, and Technology is going to examine problems relating to the quality and availability of child care. This is a concern not only for countless thousands of working families around the country, but also for thousands of small business employers who are dependent on these workers.

In an era marked by growing numbers of single-parent households, and of families in which both parents must hold down jobs to make ends meet, child care is fundamental to the smooth functioning of our economic system. Child care is now a $20 billion per year industry, one of the fastest growing in the small business sector, and it is heavily subsidized by the Federal taxpayers.

Additionally, child care will be a key to efforts in this session of Congress to move hundreds of millions of families off welfare, and into self-supporting employment. Insuring a safe, clean, and nurturing environment for the children of families on welfare must be an integral part of welfare reform.

A place must be found for kids who are part of the approximately 4.5 million American households on Federal Aid to Families with Dependent Children. These families may represent an additional 9

million children who will require part-time or full-time care when welfare reform is enacted.

Now, in beginning our hearing, the chair has a few observations to make about our inquiry. Our investigation has found that America's child care system does not work for many working families. It is overburdened and it is under financed. It is fragmented, and it is creaking toward breakdown. Approximately 12 million children already are in part-time or full-time care, with only about 15 percent of them in homes or centers licensed by any governmental body.

Many kids are getting care well below quality standards recommended as bare minimum. Many parents have too few choices, and Government has often failed to protect children in day care against poor facilities, shoddy operators and even plainly criminal conduct.

The chair would like to note, and we are going to hear more about it, that June Brown, who is the Inspector General for the Department of HHS and who, in my view, has done an outstanding service for the taxpayers of this country has compiled an analysis of a recent survey that she did of background checks of child care providers. Now this was done at random. We will hear from Ms. Brown that it is not intended to be statistically perfect, but what Ms. Brown found in this survey ought to frighten and concern the parents of this country.

She found that 1 of 10 people in licensed facilities randomly selected has a criminal background which relates to checks or convictions, and that ought to concern the families of our country. As I say, Ms. Brown will detail this more. She and I both feel that it is not intended to be a statistically perfect analysis, but it certainly ought to send a powerful message to those in Government and regulators, that there is considerable work to be done in the area of ensuring that these facilities have good oversight.

Now, any welfare program which is likely to put all or most of the adults heading AFDC families out of the house and into jobs could create a veritable tidal wave of kids seeking day care and result in the collapse of an already faltering system.

Now, this, in my view, is not an argument against reforming welfare. In my view, the President and Mrs. Clinton deserve substantial credit for zeroing in on welfare reform as a priority, and we wish them to succeed. But the fact is, a prerequisite to successful welfare reform must be child care reform.

Today we would have heard testimony from Ms. Toni Majoy-Young of Columbia, Maryland, a mother who has had the worst of all possible experiences, the death of a child in day care. This was a place which, from all outward appearances, was safe, secure and well-run. The murder trial of that caregiver begins in April.

Let me note that several of our witnesses are absent today. The fact is, in many parts of our country, getting good quality child care is hard to do, even when it is a perfect 70-degree day outside. The fact is that a number of our witnesses decided that they couldn't leave their youngsters stranded when it was a weather storm emergency such as we are having in Washington DC, and I hope that both staff and Members who are also absent today because of the weather will have a chance to review the written testimony of

Ms. Majoy-Young, and at least one of our other witnesses who is also absent.

Ms. Young's testimony underscores testimony we expect today from both the Inspector General of the Department of Health and Human Services, and the U.S. General Accounting Office pointing out significant and growing problems involving deteriorating care, deteriorating facilities, and deteriorating oversight.

[Ms. Majoy-Young's statement may be found in the appendix.]

Chairman WYDEN. The chair points out that the information gathered by these two Federal investigative agencies is doubly troubling in that it pertains primarily to licensed facilities, centers that supposedly come under certification and inspection by the State. By far, most day care is unlicensed, and therefore receives no scrutiny whatsoever, other than problems which may be perceived by the parents themselves.

We also look forward to hearing the testimony from Ms. Carolyn Bates, who did make her way through the perils outside. She is a Baltimore mother who has struggled persistently to leave public assistance for self-supporting employment for most of her adult life, only to be brought back to the welfare rolls because of problems finding and maintaining decent quality care for her three children.

Ms. Bates' testimony will be given context by Nancy Ebb of the Children's Defense Fund, who says that help with child care is an essential part of ensuring that many poor parents are able to pursue the education, training, and employment they need to leave the welfare rolls and to keep jobs that help them avoid welfare in the first place.

The parents that are going to give us testimony today and those that could not be with us and have important stories to tell. But the central theme is the same. Our families, our businesses, and our society shoulder a tremendous burden and pay a substantial price for child care that is inadequate, sometimes unsafe, and far too difficult to find no matter what an individual's income level, demographic group or particular family situation.

Barbara Reisman of the Child Care Action Campaign seems to sum it up, and I quote: Ultimately we need a system that bridges the gap between what parents can pay and what quality costs, and assures that quality care is accessible to all families that need it. Otherwise, we risk failing at welfare reform and several other national goals, such as school readiness and creating a competitive, word-class work force.

At home in my State of Oregon, Federal child care subsidy programs, particularly the Child Care Development and Block Grant funds for child care for the working poor are significantly oversubscribed. As in many other States, Oregonians who need this help in order to work have to wait, and there is a long queue that is getting longer. Janice Elliot, a State official testifying today, told subcommittee staff that Oregon learned a staggering lesson when social service offices actually made public the availability of this program.

The result was more than a $10 million budget shortfall for these programs. It is the same story across this country: In Alabama, 8,000 to 9,000 kids who are at risk are on waiting lists for sub-

sidized child care. Florida has a waiting line of some 25,000 children. Illinois has 30,000 on its list.

Some 15,000 families wait for subsidized child care services in New Jersey. Some States have simply stopped taking names all together. They have closed their programs to new applicants and have literally slammed the door shut on many of these families that need child care in order to work.

Providing decent care at an affordable price to everyone will be an enormous undertaking. This is an area where the Federal Government and the States need to seek out, identity and recruit the expertise of the Nation's small businesses. Several business coalitions already banded together and developed programs like the one we will hear about today from the Travelers Foundation. These business groups understand that their own interests coincide with society's interest in developing and supporting decent child services for all of our families.

Clearly, there are several ways that the Federal Government can be a better partner in working with the States, local governments, the private sector, and most importantly parents.

First, given the important investigative work done by Ms. Brown and the Inspector General, the Federal Government should work with the States to ensure an administratively convenient way to do criminal background checks on those individuals who work with our most precious resource, the children of America.

Second, the Federal Government should work with business organizations to promote the use of Federal dependent care assistance plans, which according to Nation's Business magazine is an excellent approach that provides a payroll deduction that allows employees to use pre-tax dollars for child care expenses.

Third, the Department of Health and Human Services should collect data and dissemination to States of the most successful child care programs in operation across our country. It is clear that public-private partnerships for quality child care are the way to travel for a variety of reasons, and we appreciate our witnesses braving the weather today to come out to give us some good road maps in this regard.

Before we begin, I would like to also note that this is the final day of subcommittee staff counsel, Grady Forrer. Grady is going to be joining the Department of Agriculture where we look forward to having a chance to work with him on many matters as we have over the years. He too is an extraordinary example, in my view, of what public service is all about, and I want to express to him my appreciation that we were able to have this hearing to recognize your final day and your efforts to go to bat for working families across the country.

[Chairman Wyden's statement may be found in the appendix.]

Chairman WYDEN. So let us, having said that, bring our witnesses forward. On our first panel, let us have Ms. Carolyn Bates of Baltimore, Maryland and Ms. Nancy Ebb, senior staff attorney of the Children's Defense Fund here in Washington.

We thank you both very much and appreciate your being with us. It is the practice of this subcommittee to swear all of the witnesses who do come before us today. Do either of you have any objection to being sworn as a witness?

Ms. EBB. No.

Ms. BATES. No.

Chairman WYDEN. Please rise and raise your right hand.

[Witnesses sworn.]

Chairman WYDEN. We will make your prepared remarks a part of the record, and if you could take maybe 5 minutes or so and just talk to us, that would be helpful, and we really appreciate your willingness to come and to speak out.

Why don't we begin, if we could, with you, Ms. Bates.

TESTIMONY OF CAROLYN BATES, BALTIMORE, MARYLAND

Ms. BATES. Hello. My name is Carolyn Bates. I am 34 years old, and a single parent of my three children. My oldest son is 15 years old, my other son is 8 years old, and my daughter is 6 years old.

Chairman WYDEN. If I might, Ms. Bates, excuse me. If you could get that microphone a little bit more toward you. I can barely hear, and I know you have a soft voice. Great.

Ms. BATES. I was born in Baltimore, Maryland and I graduated from Carroll Park High School in 1979. My son was born in 1978. I also had all of these problems right after I had my child in 1978 trying to hold a job because of day care. Every time I got into a program, every time I got on a job, I was unable to hold a job because of day care.

Relatives, friends had always promised me that they would keep my kids, but I never succeeded in that. I always had to let the job go, even after I had my other two kids. I have been on social service like five different times, getting off, getting on, each time it was because of proper day care.

Chairman WYDEN. You are saying it very well.

Ms. BATES. Well, I always had to stop working because of day care. People watching my children. My nephew now is watching my children. They go to school in the morning, and I have to get up 6 o'clock in the morning to get out there at 7 o'clock and go all the way to Glen Burnie to go to work. I have to be there at 8:30 to 4:30. My kids, they go on to school on their own, but I need day care for when they get out at 2:30. I don't get home until 6:30.

I have to catch three buses, to work and from work, which I get home about 6 o'clock. My kids get out at 2:30 where they need care until I get in. My nephew is paralyzed now, and he is holding them, but that is not guaranteed. I need a day care so I can stay off social service and be able to reach my goals, and I will never be able to reach my goals unless I have proper day care.

Everybody that is on social services—there is a lot of people on social services that really want to get off social service, but it is hard if you don't have people to keep your kids and proper day care out here. In my area, there is no day care.

I am still working with employment development. I have work experience, and I am still working with them to try to help me get a day care. There is no day care, and I am on a good job at motor vehicles now, and day-by-day, I am worrying because I am wondering, am I going to uphold this job, or am I going to fall back down? My head is always going to be up where I am going to keep moving and keep trying.

I would like for more day care to be in different areas so parents can be able to uphold jobs and not go back on social service because that is not a place that we—when Clinton really gets in there, 2 years from now, it is going to be hard out here, and for all of the parents that is really willing to work, we need more day care.

After getting off social service, they are willing to help you for a year after you get on a job. What if when you get off the job within that year, there is no way possible? We need more than a year. No way possible that anyone can afford day care paying $100 a week. You will fall back down again trying to pay bills and trying to pay for day care. We also need help to keep day care going and keep more in the area.

Thank you.

[Ms. Bates' statement may be found in the appendix.]

Chairman WYDEN. Well, Ms. Bates, I want you to know that I don't think anybody could have said it any better, and you are speaking for a lot of working parents in this country who, in my view, play by the rules, work hard, want to get ahead, want to play the game the way it is supposed to be played, which is to advance in this country through hard work and initiative.

I will have some questions in a moment, but I just want you to know that I think you are really performing a service by coming here and being willing to speak out, and I know both from at home and the people who have contacted this subcommittee, you are speaking for a lot of parents and for a lot of families. For that, we are very grateful. I will have some questions for you in a moment. But you couldn't have said it any better.

Ms. Ebb, you have the difficult task of trying to compete with Ms. Bates. We welcome you. We have enjoyed working with the Children's Defense Fund, actually since my days going back to the Gray Panthers. Please proceed.

TESTIMONY OF NANCY EBB, SENIOR STAFF ATTORNEY, CHILDREN'S DEFENSE FUND, WASHINGTON, DC

Ms. EBB. We appreciate the opportunity to appear today, and we appreciate the opportunity not to compete, but to sit next to Ms. Bates and to echo her concerns for working parents struggling to find child care for their children and to stay self-sufficient.

Child care has long been a central CDF concern. We view it as an important way of helping families achieve self-sufficiency, so we follow closely the availability and affordability of child care. We view it also as an essential way to support families, to strengthen them, and to help children thrive. So we follow closely the quality of care as well.

Measuring our current system by either quality or affordability, the system is a troubled one. Positive models underscore our ability to do better, but also the long road we must travel to achieve a better system to help families.

We know, as Ms. Bates has etched in stark relief, how essential child care is for parents to work. Across income lines, parents struggle to find care they are comfortable with for their children. For low-income parents, the problems are even more acute. For these families, help with child care is a lifeline in their efforts to achieve self-sufficiency. Without such help, the cost of care is pro-

hibitive. For nonpoor parents, the average cost of care is 6 percent of the family's total income. But low-income parents face a staggering burden if they pay their own child care costs. Roughly a quarter of their entire income goes to child care costs alone.

The availability of child care also plays a huge role in helping welfare families participate in education or training, find employment, or keep that employment once they leave the welfare rolls. An Illinois study really echoes and support Ms. Bates' story. Illinois surveyed its case load and found that 42 percent of those surveyed reported that lack of child care prevented them from working full-time. Twenty percent of those surveyed had returned to the welfare rolls after leaving and trying to become self-sufficient in part due to child care difficulties.

Congress has made significant new investments in child care. The Family Support Act of 1988 held out great promise by creating the child care guarantee, saying that we would provide child care to AFDC recipients and employment education or training and then a year of transitional support once they left the rolls due to earned income.

These AFDC provisions were followed in 1990 by enactment of two additional child care programs, The Child Care and Development Block Grant and At-risk Child Care, both of which provide direct subsidies to low-income families. The block grant is also unique in that it contains a set-aside to improve quality of care. Explicit in the "At-risk" program, and implicitly in the block grant, these subsidies were intended to serve the nonworking poor, the theory being that the AFDC child care guarantee sufficed for AFDC recipients. But despite these accomplishments, we have come nowhere near a system that supports the efforts of low-income and welfare families to work.

States have tried hard to honor their obligations to welfare families. However, in tight fiscal times, some States have had difficulty doing this, and have cut back on education or training programs for AFDC families in an effort to save on child care costs which they cannot meet with limited State funding. More commonly, States have gone to great lengths to honor the child care guarantee to AFDC families, but often at the expense of resources for the working poor.

A CDF survey showed that 16 States were beginning to use Block Grant funds to pay for AFDC child care. States are turning to the block grant because, unlike AFDC child care, the block grant does not require a State match.

Resources for the working poor are also going untapped because, as States pay State child care funds to satisfy the Federal match requirements for AFDC child care, they are finding that their tills are empty and they cannot provide the State match required for "At-risk" child care for low-income, working families who would be at risk of receiving welfare if their child care needs were not met.

The upshot is that two very needy and deserving groups, the welfare poor and the working poor, are pitted against each other for scarce child care dollars, and at the same time, as the Chairman indicated, there is a huge unmet demand for child care for the working poor. The waiting lists are staggering for "At-risk" and

block grant child care, and in some States, administrators told us that families had no hope of ever coming off the waiting lists.

Without significant new Federal child care investments, this competition will be exacerbated under welfare reform, as more welfare families are expected to participate in education, training, and employment. New investments are important both for welfare families and for the working poor if welfare reform is truly to succeed to help families move off the welfare rolls and to help nonwelfare families stay off them and retain employment.

Quality as well as affordability is a key issue in the child care landscape. We fail any child of whatever income level when we offer care that is unsafe or of low quality. But the need for quality care is particularly acute for low-income children who are more likely than their nonpoor peers to be at risk of health problems, to suffer from delays in growth or development, to have a significant emotional or developmental problem or a learning disability.

Quality child care can be a critical support to these children, helping them arrive at school ready to learn and providing links to other supports that will help address difficulties within their families.

For low-income children, the system remains extremely fragmented and of very uneven quality. A child lucky enough to enter through the Head Start door of the subsidized system will often receive very high quality, comprehensive care. The same child, if he or she enters through another subsidy door, may receive very low-quality care that does not meet her needs or the needs of her family.

State resource limitations and Federal policy directives have in some ways contributed to the poor quality of care. We can help protect children by setting minimum health and safety standards, but a CDF study of State's policy for informal, generally unregulated care settings found that many States don't require even the most minimal of protections, such as criminal records checks, and this can make an extraordinary difference.

California's trust line program does indeed check the records of informal caregivers and found that 5 percent of them had criminal convictions. Sixty percent of those with criminal convictions had child abuse records.

Almost half the States also fail to require that informal providers receive any training, even the most basic training, in first aid or how to help a choking child. Even where States have established standards, as you will hear later from the IG, frequently an overwhelmed, understaffed licensing and monitoring system fails to adequately apply them. In some instances the IG reports identified hazardous conditions such as raw sewage next to playgrounds, exposed hazardous substances, and locked fire doors.

Low rates of payment, particularly for AFDC child care, also steer children to low-quality care, make providers unwilling to accept subsidized children, and exacerbate the very high turnover rate of child care workers because low payment rates translate into low wages and often no fringe benefits.

Our recent investments have improved the situation slightly. Block grant rates helped raise payment rates at least for block grant children. Forty States use block grant funds to improve li-

censing and monitoring activities, although the boom in opening of child care facilities has left many licensing agencies overburdened, understaffed and unable to do meaningful visits.

Block grant funds stimulated States to establish training programs and revolving loan programs that providers could tap into to improve their facilities or to meet minimum standards. However, in many instances, funds are so limited still that these initiatives demonstrate the possibilities of what States can do, rather than translate into system-wide improvements.

Can we do better than this? Absolutely. This year, Congress has several opportunities to improve and expand child care. Welfare reform should be a vehicle for expanding and improving the quality of care for welfare children, but also ensuring a balance so that the low-income, nonworking poor don't suffer as child care demands for AFDC children increase.

A strong Head Start reauthorization bill can help guarantee that Head Start provides quality services, and by appropriating the administration's fiscal year 1995 budget requests for both Head Start and the child care and development block grant, additional funds will be available to provide Head Start's comprehensive package of services for more children, to expand assistance to the working poor, and to make some modest improvements in quality.

We have a foundation to provide child care for working parents, and to help providers in the most rapidly growing small business in the country. We must build on this foundation and we very much look forward to working with the subcommittee to do so.

[Ms. Ebb's statement may be found in the appendix.]

Chairman WYDEN. Ms. Ebb, thank you. That is excellent testimony. I will have some questions for both of you, but first for an opening statement, let me recognize my friend from Maine, Congressman Andrews, who has a long record of being a strong human services advocate, and we are glad he has been able to make it through the torrents outside as well.

Let me recognize Mr. Andrews for any opening statement.

Mr. ANDREWS. Thank you very much, Mr. Chairman, for recognizing me and for holding this hearing. It might help if I turn on my microphone.

Thank you, Mr. Chairman, and thank you for holding this hearing. I would like to thank both of you for coming this morning and braving the weather.

Mr. Chairman, I was a bit delayed. I was trying to provide assistance and coaching to my friends in southern climates who aren't used to going through this weather what they are to do, and they made it just fine, but I was delayed, and I apologize.

I simply want to say, Mr. Chairman, this is an extremely important subject, particularly this year for many reasons. First, of course, we are going to be discussing welfare reform, and that is a subject on many people's minds, and if we do not address this very critical subject of child care and child care quality, we simply will not be able to address the subject of welfare reform.

Second, Mr. Chairman, as we, as a country, try to make our way out of this recession, very difficult economic time, we are going to have to have quality affordable child care as a basic necessity. If we are going to be able to climb out of this recession, and certainly

from the perspective of small businesses, if small business is going to be able to tap the tremendous human potential out there in communities across this country, they are going to have to have the tools and resources to tap them.

It is one thing for a very large corporation to be able to provide in-house quality child care, sometimes for free or at nominal cost for employees, it is quite another thing for a small marginal business struggling to keep their heads above water to be able to provide child care or help for families seeking child care.

All of these issues, the economy, the recession, the ability of small businesses to keep their head above water, the success of welfare reform, all of them hinge upon us addressing this very, very serious topic.

Mr. Chairman, for making this an issue that is front and center before this subcommittee and our committee, I thank you very much for all of our participants who are here and taking the time to make their way through the ice and snow to testify, I want to thank them.

I will hold my questions until the question period, Mr. Chairman.

Chairman WYDEN. I thank my colleague and look forward to working with him very closely this year to get a good welfare reform bill with the elements the gentleman is talking about on the President's desk.

Let me, if I might, start with you, Ms. Bates. Do you very often feel that you are caught up in a Catch-22. Here you are, you are saying to yourself, I want to work hard. I am not interested in any handouts. I don't want anybody to give me anything. I want to get ahead by hard work and thrift and pushing myself to do my very best, and then you are caught up in this kind of Catch-22 that when you go out and do all that hard work, the system sort of flattens you by saying you can't get child care and you have got to be frightened about what happens to your youngster.

Ms. BATES. Right, exactly, just what you just said, that is the way I feel now because I keep trying and keep trying, which I am not going to give up. I am going to keep trying because I know nothing beats a failure but a trier, so I am going to keep trying.

I have three kids that I have to look after and by me being single, I have to keep going on to keep my kids together. They are very good kids in school. I go and talk to their teachers, they bring good grades home, I don't want that to stop. If I drop, my kids are going to drop because they have to look up to me to keep going on. Even if I go and volunteer to get the experience that I need to be able to uphold a good job, I am going to do that. I would rather do that instead of sitting around doing nothing and waiting on a monthly check. That is not going to get it.

Chairman WYDEN. I read your testimony last night. I gather that you have been through this spiral five times. Five times, you got off public assistance, went to work, then got caught up in this system and had to go back on public assistance?

Ms. BATES. Yes, I did.

Chairman WYDEN. Are you a bit frightened that it is going to bite you again? I heard you say that your nephew, I think, is your nephew disabled?

Ms. BATES. My nephew, he was working a good job. He started out on his job at the age of 16. He is 21 years old now, and he had gotten shot by a drive-by shooter, coming from work, so this is why I didn't fold this time behind day care is because he was there where my kids could be there and someone is there, but he is still unable. He is just grown and he is there where they are not alone, but how long is that going to last if I don't hurry up and get this day care?

Chairman WYDEN. Let me ask you something. My sense is that apart from the damage done to people like yourself who want to make a contribution and be in the work force, my sense is this has really got to hurt the productivity of our workers, because when you are there at your job and you have got to be concerned about your youngster and your nephew is disabled and got into a drive-by shooting, does it weigh on your mind a lot and make it hard sometimes to focus on your work while you are there?

Ms. BATES. Yes. I call home about 10 times a day. Whatever break I get, I call home, going to the break, coming from the break, wondering did my kid get there yet. I had to give my 8-year-old a key so he can be able to get in because my nephew cannot open up the door for him. He is a very bright 8-year-old kid where he knows to go in the house to go straight where my nephew is at, let him know that he brings my other daughter. She is 6 years old. He brings her home from school.

I had to teach them about 3 weeks before I got in this job how to come back and forth home. I walk with them and let them know where to watch out for the cars. This is so devastating of thinking while I am at work did my kid make it home.

Chairman WYDEN. My sense of past Government efforts is that by and large they were well meaning, and you kind of referred to it, in terms of their rhetoric, but they just weren't doing it. There just wasn't an effort to really link up the kind of assistance with child care to making sure that there were opportunities for people on public assistance to move into the work force.

Is it fair to say that you want to see Government do more than talk about it this time?

Ms. BATES. Yes, I want to see something being done because I am a prime example. This has been ever since 1978. It is 1994 now, and nothing has changed with me. I have been on and off, on and off different jobs, good jobs, jobs where I know that would allow me to get off social service and move on with my life.

Chairman WYDEN. What would you like the day care system, child care system, to do with respect to your family? What should it consist of? I know you made mention of the fact that you thought that it probably didn't run long enough for some families, but tell us, if you would, what you think it ought to consist of.

Ms. BATES. I think with the small business that is willing to have different day care in different areas, I think they should get more involved in the different areas to see who has day care and who doesn't. Transportation, where the parent is not able to take the kid to day care on time, get to work, be able to pick the child up from day care because of the time they get off of work. I think they need more transportation.

Chairman WYDEN. I want you to know that I think the message that you are conveying is just about as important as any the U.S. Congress ought to get because I think what we ought to be doing in the area of governmental policy is saying that there are many, many people across this country like yourself who want to work hard, want to use your energy and your drive to get ahead, and somehow the system is holding them back because they get into this Catch-22 and they have got to say to themselves, I can't leave my youngsters by themselves, so I better stay home rather than go into the work force.

I want you to know that what we are going to try to do is put a megaphone to your views to make sure that the message that you are conveying gets heard again and again and again, and that welfare reform has gotten a lot of attention. I am sure you read about it in the newspaper all the time, probably with a pretty skeptical eye as well.

What Mr. Andrews and I and others in the Congress are going to try to do is make sure that this time it gets done right and people don't forget about the dire need for good child care.

I really appreciate your being willing to slip and trudge, as I am sure you did, to get here. Nobody could have said it any better. I thank you for it. I will have some questions for you in a moment, Ms. Ebb, but let me turn it over to my friend from Maine for either of our witnesses.

Mr. ANDREWS. Thank you very much.

Thank you, Mr. Chairman, and, Ms. Bates, I want to echo the Chairman's sentiments. It is really wonderful that you are here and that you are appearing publicly with your testimony. I know for many people in my district, when you say welfare reform, it conjures up many different things to many different people, and one of the negative things that it conjures up in the minds of some are people on welfare who they imagine want to be there, who are lazy, who enjoy just sitting home and watching television and receiving benefits, and when they hear welfare reform, they think well, my goodness, we are finally going to get those people off the dole and working.

I think it is extremely important for people who feel that way to be watching your testimony, listening to what you have to say, and to look around in their own communities and see people just like yourself who are struggling to keep your head above water, take care of your family, and earn a living, and the fact is that if we don't as a society provide you with means to do what you want to do, then we have no business complaining about the welfare system because we haven't met our responsibility.

I just want to ask you, Ms. Bates, a couple of questions. You mentioned in your testimony that you know a lot of parents in similar situations to yourself. You say that—you say I know a lot of parents who have school-aged children, but have no one to watch them before or after school. What do they do?

Ms. BATES. The parents?

Mr. ANDREWS. What do they do in that situation, yes?

Ms. BATES. Some of them are doing just what I am doing, working and day by day wondering whether they are going to ever get day care that will be reliable to them, and some of them is sitting

home doing nothing, which I always pound in their head to tell them, there is always a way, but you have got to get up, go out there and find a way. Sitting here and laying here talking about it will not get it.

Mr. ANDREWS. What do they say to you?

Ms. BATES. They always say, well, you don't understand. I don't have this to do this and do that. I don't have it, either, but I am going out there to try to get it.

Mr. ANDREWS. Is there a temptation for some—we heard testimony about day care that is of poor quality, that is not regulated, that simply doesn't meet what most reasonable people would consider to be good standards for their kids. Is there a temptation out there for people like yourself to maybe think about or try to find day care that perhaps is not up to the quality that you would like to see for your children? Are people facing that kind of situation out there?

Ms. BATES. Yes, exactly, they are, either the day care is not clean or—I always look at how the people react to other kids, how they talk to me and other kids, and then let, then that would let me know I don't want my child coming here. I have heard other people say how parents there are always rough with their kid or they say things they don't have no business saying, so that makes you be skeptical, too, not to go to those places.

My two kids, thank the Lord, are very bright kids. Anything wrong, anybody say or do, they can tell you from the beginning to the end. They can tell you everything, so I am not too worried about my kids going different places because I know they will speak up. I always teach them and tell them if something ain't right, you let me know. People will scare you or tell you this or tell you that, but mommy is here for you no matter what, and they are real close to me so I know that there would be a good issue in my kids.

Mr. ANDREWS. So parents are out there having to struggle, first of all, with the reality that they may not be able to go to work because of this issue of child care.

Ms. BATES. Being scared to get out there to find it because there is no child care really out there now.

Mr. ANDREWS. For those parents knowing that some of their alternatives, what alternatives exist may actually put their kids in danger, they might reasonably decide I am not going to go to work in order to protect my child?

Ms. BATES. Exactly. I have heard that from a lot of parents. I could be on a bus stop, I could be anywhere and I will start a conversation with someone I know that is in similar problems like as myself or any other parent. I would just get on the subject about day care, where you work at, do you know anything about day care because I know talking with more people will help me move on because you never know who you are going to meet or who you will be able to talk to that could really help you with different errands. If you don't talk, you will never know, so I have heard a lot of parents say that I am not taking my child there. I don't know what they are going to do, which they never even found out how the place is, but they just use that, and I say you have got to take a chance somewhere. If you don't have a relative that can help you

out, and most of my family, they are either working or they are doing things on their own and I don't want to put my problems on them because they have their own problems, but I do want a day care for my kids before I lose this opportunity to move on.

Mr. ANDREWS. Ms. Bates, let me thank you again for your testimony. I think it is extremely reasonable for someone like yourself to ask that your kids be safe and cared for while you seek work and while you secure work, and I think if this country is going to be truly committed to welfare reform in any meaningful way, we have to meet our responsibility to making sure that you know and your friends know that their kids are going to have safe, reliable day care while you seek to go to work and provide for your family. Thank you so very much for your testimony.

Ms. BATES. Thank you.

Mr. ANDREWS. Thank you, Mr. Chairman.

Chairman WYDEN. It is awful logical. You may be too logical for some in Government, but it sure makes a lot of sense to me that we have more than holding tanks for kids across this country and call them child care. You have said it very, very well, and we thank you for it.

Ms. BATES. I thank you for having me to be able to speak up for myself and other parents that won't get up here and speak up for our rights.

Chairman WYDEN. If you can sit tight, we may get you into some questions with Ms. Ebb as well.

Ms. Ebb, with respect to the Federal Government's role, I very much share your view that we need additional resources for this job. There is just no question about it.

Now, there are going to be some of our colleagues in the Congress who are going to say big Federal deficit, no more money to spend, and they are going to say what can be done? Having heard about these very serious problems and, hopefully, we can get the message of what Ms. Bates had to say, get that message out. They are going to say what can you do in this area that will not cost huge sums of money?

Now, my sense is we will hear from some of the businesses today that there is kind of a hodgepodge of regulations. I think one of them called it kind of an incoherent stew to us with different rules and regulations.

Are there some things that can be done to address this problem that will not cost huge sums of money right now?

Ms. EBB. Yes. Really the central problem is that we don't have enough resources to help all families who need it, but we can do some things that require modest investments. For example, right now across subsidy programs we have a crazy quilt of different requirements.

We could, drawing on the good standards established by the block grant, apply those across subsidy programs so that child care providers, parents, and administrators were only working with one system of regulation. We could invest modest sums in improved outreach and education for parents so that parents like Ms. Bates have some help when they are looking for good child care providers.

Those investments are more modest than an across-the-board expansion of direct subsidies. That is what Government can do. We can establish better linkages between child care and Head Start so that child care learns from the way that Head Start delivers comprehensive services. Child care providers can share training with Head Start, and learn from the enriched training that Head Start providers get as well.

Those are some very modest things that we could do. We could also establish better linkages so that as a parent comes to the end of one subsidy system, we automatically inform that parent about the possibility of other systems for help and refer them so that they don't fall through the cracks simply from lack of attention.

Chairman WYDEN. I would ask you to followup on that matter, the Community Development Block Grant standard.

Now, what you are saying is that that is a program in your view that really works, and if you were to take that standard and in effect apply it across the board, you could get some of these programs out from under some of the cost and the red tape and the hassle, complying with all these different rules?

Ms. EBB. It would certainly help avoid some of the confusion, avert some of the red tape and because the block grant standards are very modestly more protective of children than, for example, AFDC, it would help families as well.

Chairman WYDEN. As we both have touched on this very fast growing section of small business, we clearly need more good quality slots than the market seems to be providing. Is there a good model program out there where the public sector and the private sector have really teamed up in a kind of partnership approach that creates more slots?

Ms. EBB. To create more slots.

Chairman WYDEN. The private sector is going to tell us today that one of the reasons that there aren't as many slots for good child care in our country is too much regulation. I wonder if there is an example of a good partnership program where the Government and the private sector really teamed up, got some additional child care opportunities out there that we could look at or is this just another area where the growth has kind of exceeded what we know?

Ms. EBB. I will tell you, actually Mr. Gormley will testify later that his sense is strongly that regulation is not a particular impediment in this area. I would say that one thing that can be done to develop more slots, particularly in low-income neighborhoods, is to mix the way that we deliver child care services, providing vouchers as direct payments to parents for many forms of child care, but also contracts with providers who are willing to open up in low-income neighborhoods so that they have the assurance of continuing income which they don't have in a solely voucher-driven system. Using contracts is an important way, it is a different delivery system, but not necessarily at greater cost of developing child care resources in neighborhoods where we don't have them.

Chairman WYDEN. What would you think of the possibility of block grant money possibly being used as loans to small businesses to providers to get a program started, say, in an inner-city or hard-to-serve area?

Ms. EBB. Well, some States are doing precisely that. They have established revolving loan funds that assist providers not with major construction, but with minor renovations necessary to open up a business, and that is a very positive model that States are increasingly looking to.

The total money available for this is limited in the block grant in part because of the huge demand for subsidies, but it is a very promising model.

Chairman WYDEN. Excellent suggestions, and we are glad CDF is out there. Let me yield to my colleague for any questions he may have.

Mr. ANDREWS. Thank you, Mr. Chairman. Just a couple of questions. First of all, Ms. Ebb, I want to thank you for being here and congratulate you and your organization for the outstanding work that they do and continue to do on behalf of our Nation's children.

With respect to the issue of investment, you talked about child care as an investment, and you know as we grapple with the subject of our budget problem in this country, I look at our budget sometimes and wonder why it is that this country cannot make a distinction between that part of our budget that is a regular operating expense and that part of our budget that is a capital investment that is going to generate a return for our economy, just like every solvent business does, just like most families do, making the distinction between investments that bring a return versus operating expenses.

With respect to child care as an investment, has your organization looked into what kind of return this country would generate if we were to look at child care as an investment, what kind of return in terms of our economy, economic growth, and what kind of return in terms of reducing the need for some of the items that we spend in our budget because of the lack of child care?

Ms. EBB. Well, that is a very interesting question, and I am going to roar back to my organization and suggest that they do so. You can see in the Head Start area the returns on investment, where you put money into comprehensive services, services that care for children, but also link them to health care, help their parents obtain necessary supports, and provide really quality care to children.

In the Head Start area we really do have some good information about the return on Government investment in children arriving at school better prepared to learn, in reduced juvenile delinquency and crime later on, so there is a good model that we can build on in the child care area. It is a very helpful suggestion we will follow-up on.

Mr. ANDREWS. Thank you. If you could please inform our committee, Mr. Chairman, I think that would be very helpful information for us to have at hand as we deal with this subject.

I was interested in the Chairman's reference to some in the private sector who believe perhaps that we are overregulating child care in this country and as a result that might be decreasing the availability of child care slots.

Do you know, Ms. Ebb, of any instances anywhere in this country where we are overregulating this area? Are there cumbersome, bur-

densome, and unnecessary regulations that we might need to look at so that we might make more slots available?

Ms. EBB. I am confident that somewhere in some dark corner there is such a regulation, but the fact is that in most instances we drastically underregulate child care, and in some ways we provide our children with less protection than we provide animals the Government regulates, and particularly in the area of informal care.

In many States we don't even have minimum age requirements for care givers, so I would say that really the problem is the flip one, that we have failed to adequately regulate.

Mr. ANDREWS. Ms. Ebb, thank you very much for your testimony. Thank you, Mr. Chairman.

Chairman WYDEN. Thank you both. I am very interested in that same point that Mr. Andrews talked about. We picked up evidence that in some areas there are tougher standards for those who cut hair at home than there are for those who take care of kids at home, so the point is well taken. We thank you both. We will excuse you now, but we are going to want to call on you as we go forward on this. Thank you both.

Mr. Joseph Delfico, Director, Income Security Issues for the General Accounting Office; the Honorable June Brown, Inspector General, Department of Health and Human Services. We thank all three of you.

Ms. Brown, I gather you are accompanied by one of your associates?

Ms. BROWN. Yes. This is Jack Ferris, Assistant Inspector General for the Administrations of Children, Family, and Aging Audits.

Chairman WYDEN. Mr. Ferris, do you anticipate that you may respond to a question or two as well?

Mr. FERRIS. Perhaps.

Chairman WYDEN. Do any of you have any objection to being sworn? Please rise and raise your right hand.

[Witnesses sworn.]

Chairman WYDEN. Let me thank all of you. You have been of great assistance to our subcommittee. We are very appreciative. Let the record show that Ms. Brown, as I understood it, dug her car out of the snow and sleet three times in order to actually come, which seems to me to be another example of the above and beyond service.

We are very appreciative of the work that you and Mr. Delfico, who we have worked with before, are doing. We are going to make your prepared statements a part of the record in their entirety. Why don't we begin with you, Mr. Delfico.

TESTIMONY OF JOSEPH DELFICO, DIRECTOR, INCOME SECURITY ISSUES, THE U.S. GENERAL ACCOUNTING OFFICE, WASHINGTON, DC

Mr. DELFICO. Thank you, Mr. Chairman. Thank you for inviting me here today to discuss our work on how States protect children in child care and promote quality. As any working parent can tell you, leaving your child in the care of others is one of the most difficult decisions one makes today, and knowing whether or not that

care is safe is, unfortunately, more often a trial and error experiment than a sure thing.

One reason for this is that the number of children in care is outstripping States' capacity to protect them in the care. Over the past two decades, the number of women in the labor force has soared. This has led to a parallel surge in the demand for child care, a surge that we expect to continue.

As of 1990, 7.6 million children were enrolled in centers and 4 million were in family day care homes. Responsibility for the quality of all this care through the setting of quality standards and enforcement rests almost exclusively with State and local governments.

We conducted a survey of the States to get a nationwide picture of how well States are enforcing their child care standards. We found erosion in the use of their most effective enforcement practices such as on-site monitoring. We also found that 17 States did not conduct criminal background checks of child care centers and 21 did not conduct checks on family day care providers.

The picture that my written testimony paints today is one in which most States regulate only a small portion of the child care providers in their State, and they are struggling to do even that. Given the growing demand for child care and the growth in providers, we must ask will the quantity of child care exceed the State's capacity to assure that it is safe.

This question takes on greater importance when one considers current welfare reform proposals before Congress and many already initiated by the States. Currently, as you have said earlier, over 9 million children are on welfare, and the current system requires only a small fraction of their parents to be in education and training programs. However, most new welfare reform proposals before Congress and many already initiated by the States would greatly expand the number of welfare clients who must participate in education and training activities.

They would also require clients to find employment at the end of 2 years or accept public service jobs. Such requirements can only bring more welfare families into the child care market, further straining State enforcement resources. If child care supply grows to meet the new demand spawned by welfare reform, a substantial part of the growth may be in that part of the market which States already exempt from its standards.

I am referring here to the many low-income families, particularly working poor, single mothers who rely heavily on relative and family day care. Over half of low-income children in those families were in family day care or relative care in 1990, but that kind of care is mostly unregulated by the States.

Given that States cannot regulate all providers, nor is regulation appropriate for some providers, States will have to work even smarter to help build safe quality care in their communities. This means accelerating such activities as educating parents on how to choose quality care, training providers about safe and healthy practices, but these activities take resources, too. Therefore, GAO believes that assessing State efforts to protect children in child care is critical, given the probability of ever expanding child care serv-

ices. The expected welfare reform initiatives only underscore the urgency of this task.

Mr. Chairman, this concludes my brief statement. I will be happy to answer any of your questions.

Chairman WYDEN. We will have a number of questions for you in a moment.

[Mr. Delfico's statement may be found in the appendix.]

Mr. WYDEN. Ms. Brown, welcome.

TESTIMONY OF JUNE BROWN, INSPECTOR GENERAL, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, WASHINGTON, DC ACCOMPANIED BY JACK FERRIS, ASSISTANT INSPECTOR GENERAL FOR ADMINISTRATIONS OF CHILDREN, FAMILY AND AGING AUDITS

Ms. BROWN. Good morning, Mr. Chairman, and members of the subcommittee. I am June Gibbs Brown, Inspector General of the Department of Health and Human Services. As I mentioned, Jack Ferris, Assistant Inspector General for Administrations of Children, Family, and Aging Audits is with me. We are pleased to be here today to discuss our audits of child care centers and their compliance with the State health and safety standards.xxx

Although I have a long history within the IG community, this is my first appearance before this subcommittee since joining the Department. Interest in the quality of child care facilities is universal throughout the Government.

Secretary Shalala and various Members of Congress have underscored the need for quality child care and for safe and sanitary facilities free from the risk of harm to accommodate our greatest resource—children. The need is more critical today as we attempt to reduce welfare rolls, strengthen the independence of the family, and find employment in both small and large businesses for all members of society.

The Congress and the Department support child care and child development services for our children through several programs. The five major programs are the Child Care Development Block Grants, the Foster Care Program, Head Start, the Social Service Block Grant Program, and the Aid to Families with Dependent Children Child Care Program.

Our efforts to oversee these programs parallel the high value this administration places on quality services to children and families. As you have said, Mr. Chairman, the availability of State child care service is one of the cornerstones of this Nation's efforts to reform welfare.

My statement today will focus on our work on child care facilities in four States. Our work resulted from previous OIG surveys and studies done on child care issues and Native American Head Start facilities. Our presentation represents a snapshot of what we saw when we visited selected child care facilities in North Carolina, South Carolina, Wisconsin, and Nevada. We also visited Missouri, but have not issued a final report on our work in that State.

You also asked whether we examined Native American Head Start facilities. We did so in 1992 and found many of the same concerns identified in our State reviews. Our four State reports, which can be made available to the subcommittee for the record, com-

plement the recent study undertaken by the General Accounting Office entitled, "Child Care: States Face Difficulties Enforcing Standards and Promoting Quality."

The results of our audits, which were coordinated with GAO, expand upon their review of State procedures and standards. In a nutshell, Mr. Chairman, we wanted to know how well providers of child care services complied with State-required health and safety standards, as well as how well the States were carrying out their inspections and monitoring responsibilities.

Our choice of facilities, day care centers, foster care homes, or institutions, Head Start, nonprofit centers are principally funded by the various departmental programs and serve a wide cross-section of children. Accompanied by State, county, or city inspectors, our auditors performed on-site, unannounced inspections at 134 child care facilities.

The facilities had a total capacity to care for 6,614 children. The facilities were judgmentally selected in cooperation with the States, and I want to stress that the States did cooperate in letting us know which are their problem facilities, so we can't extrapolate this information and assume all facilities are the same.

Although all States that we visited had established health and safety standards, State monitoring and compliance procedures for child care facilities need improvement to ensure a safe and clean environment for the children. Of the four States reported upon, only seven facilities were in compliance with all State standards.

At 127 of the 134 facilities visited, we discovered a total of 1,358 deficiencies, ranging from what we believe to be instances of minor noncompliance to major health risks. I do note that given the limitation of our sampling process, we are unable to project the results to the States or nationwide.

Our chart shows the deficiencies by each category. I would also like to point out that we did not weigh the degree of severity of these deficiencies, but only examined the facilities for deficiencies. This is discussed further.

In each State visited, we consistently identified the same types of deficiencies. As illustrated on our charts, we grouped the facility deficiencies into seven categories—fire code violations, playground conditions, toxic chemicals, other unsafe conditions, unsanitary conditions, employee records, and children's records.

I would like to now share a few examples of the types of health and safety conditions we saw that placed children at risk. As you can see, a picture is worth a thousand words, and I have three pictures here to show you some of the conditions we found.

Under the category of fire code violations, we found facilities where there were bars on the windows, exposed electrical wires, or inoperable smoke detectors. When we looked at playgrounds, we saw unfenced play areas, broken glass in the play area and boards with protruding nails lying on the ground.

We were also concerned with toxic chemicals. In some facilities children had access to ammoniated wax stripper, turpentine, bug spray, antifreeze, improperly labeled medications and alcohol. Other unsafe conditions identified include an inoperable clothes dryer and freezer appliances, also extreme hot water or no hot water at all, and a poorly anchored television.

With regard to unsanitary conditions, you can see the picture showing an inoperable toilet. We also found raw sewage in a play area, and unchanged bed linens. Aside from the problems mentioned, we also noted deficiencies with employee record keeping.

Our review of the files found incomplete or missing background checks and health histories that were not current. In the case of the children, we noted missing data regarding the immunization and medical histories and a lack of authorizations for emergency medical treatment.

Overall, our analysis showed that 75 percent of the facilities had 6 or more deficiencies, but 40 percent accounted for more than 11 deficiencies at each site. We believe that a basic reason that these deficiencies have gone undetected or uncorrected is that the work loads for child care facility inspectors are much too large.

For example, in one State we found a case load which showed 41 inspectors had to monitor 6,656 day care and Head Start facilities or about 160 facilities per inspector annually. One State official advised us that in order to provide quality monitoring, training, and technical assistance, the case load should be around 24 to 30 facilities per inspector per year.

Another significant problem we encountered was that the State requirements generally failed to distinguish between minor violations and those that might present an imminent danger to children. Only one State in our review, North Carolina, had a system for ranking the seriousness of deficiencies.

Based on prior studies, we reviewed as a separate issue background checks on employees working in the child care facilities. Our focus was to determine whether background checks were obtained to identify prior criminal activity for child care employees. This is important for protecting the children cared for in these facilities.

We found that the requirements for background checks varied significantly among the States reviewed. Only one State, Nevada, had procedures which required background checks with the FBI. Background checks help States identify current and future employees arrested and convicted for a crime that could bear upon their fitness to care for the children.

To further pursue this issue, we conducted a computer match of individuals employed by the child care facilities that we visited with the Department of Justice's National Crime Information Center.

From the sample of 500 employees we checked against FBI records, we identified 61 individuals accounting for a total of 726 arrests with 181 convictions. These are raw hits. One would have to go further to see if there might be a valid match. Somebody could have had the same name as someone else or some other similarities which could mean that this particular person wasn't the correct person identified. We divided the crimes into two categories—crimes against people and crimes against property.

These 61 individuals represent unconfirmed matches. These individuals were arrested for 726 crimes. Over 200 of these were crimes against persons, the ones we were most concerned about. These crimes covered such offenses as the use of controlled substances and child-related crimes.

In each State reviewed, we made specific recommendations to strengthen the monitoring process. We further recommended that States improve the inspection procedures, conduct unannounced visits, make more frequent inspections, and use sanctions when facilities failed to meet the State's standards or correct recurring violations.

We also recommended that background checks be performed on all potential and current employees. Mr. Chairman, the States are partners with us in ensuring safe and sanitary child care. States representatives generally agreed with our findings and recommendations and indicated that improvements had begun.

In addition, our reports have been provided to the Department for consideration in improving child care service programs and formulating welfare reform. Our audit work is continuing. We plan to develop the issue of the background checks into a report, and we will also issue a report to the Department summarizing our findings and recommendations from all the States visited.

Mr. Chairman, that concludes my testimony, and I would be happy to answer any questions.

[Ms. Brown's statement may be found in the appendix.]

Chairman WYDEN. Well, thank you, Ms. Brown. You all have done an excellent job and have been extremely helpful to this subcommittee. I will have some questions for you and Mr. Delfico in a moment, but let's begin this round of questioning with the gentleman from Maine.

Mr. ANDREWS. Thank you very much, Mr. Chairman. I thank you all for your testimony, although it is extraordinarily disturbing testimony, particularly the testimony that you have just given, Ms. Brown, extremely disturbing. These are our kids, this is our future.

Why in God's name would a parent entrust their child to a day care center with raw sewage on their play area and broken glass, with roach infestations, with bars on their windows, with toxic chemicals everywhere? Why would someone do that to their child?

Ms. BROWN. I am sure no parent would knowingly want to put their children in one of these facilities that I have described.

Mr. ANDREWS. Why, in fact, does this happen, then?

Ms. BROWN. I am sure it is a combination of things. Again, we were looking at problematic day care centers identified by the States, those that they had concerns about, but, again, we recommend that sanctions be employed and that there be routine inspections, and regular background checks on all the employees. That was a particularly disturbing aspect of this review.

Mr. ANDREWS. Do you think the parents, many of the parents of these children don't know that these conditions exist?

Ms. BROWN. I am sure that is true, considering the pressure they are under to work, they probably aren't aware of some of the conditions that exist at these centers.

Mr. ANDREWS. Perhaps for some, because this might be the only alternative for them, it is either a matter of sending their kid to a center like this or perhaps not working at all. Is that another factor that is gripping parents out there?

Ms. BROWN. That is certainly my assumption.

Mr. ANDREWS. Now, Ms. Brown, when you conducted this survey, were you—and just so I am clear, your choice of States, that was

not dictated by your suspicion that these particular States were worse off than other States? This was just a random choice of these States?

Ms. BROWN. We took one State first, North Carolina, in order to establish our procedures. After that, we took a random sample of States.

Mr. ANDREWS. So in point of fact there could be day care centers around this country in all 50 States that have conditions as bad or worse than some of the conditions that you have displayed?

Ms. BROWN. That is quite possible.

Mr. ANDREWS. Do you think—and this is also a question for Mr. Delfico, that we need to establish basic Federal parameters around which every State in this country must function in terms of basic standards, as well as enforcement standards?

Ms. BROWN. I believe that is true. I believe there ought to be at least a floor or minimum standards that we place on any facility that receives Federal funding.

Mr. DELFICO. I would agree with that. I think the Child Care Development Block Grant is a start in that direction. What we have seen in that particular block grant is a requirement that the States at least assure the Federal Government that they are complying with their own internal standards.

Now, we are not sure how that process is working. I think it is mainly self-reporting by the day care providers and the States, but at least it is a start in the right direction. There is some desire to improve standards in the States.

Mr. ANDREWS. So we basically rely on the States to tell us whether or not they are complying?

Mr. DELFICO. That is correct.

Mr. ANDREWS. How do we know that they are complying?

Mr. DELFICO. The Department of Health and Human Services has a responsibility to determine the validity of the information and send people out to provide technical assistance. In the past, that was not being done very well.

As a matter of fact, there was very little effort in that area. I think recently there has been quite an improvement at HHS, so I would suspect that as welfare reform becomes a reality their effort is going to have to be increased. People in Federal Government are going to have to pay more attention to what is going on in the States.

Mr. ANDREWS. While we have improved, are we even close to having an idea of whether or not the States, first of all, have decent minimal standards and, second, whether they are enforcing them? Are we even close?

This is a random sample, and Ms. Brown has testified that it could be much, much worse in other States. Are we even close, even though we have improved over the past year?

Mr. DELFICO. My sense is I don't think we are close yet.

Ms. BROWN. I might add that the Department is eager for this information. We are performing the review for the Department because they want to get a good handle on whether or not effective oversight is conducted by the States, and whether compliance with standards is adequate to give us the assurances that these facilities

are safe. They intend to use this information that we have developed.

Most of it isn't in final form yet, but we are giving them some feedback as we go along, and we will be giving them the final reports to consider in their deliberations on how to resolve these problems.

Mr. ANDREWS. This will be part of the welfare reform package?

Ms. BROWN. Yes, they certainly are eager for this information in their decisionmaking.

Mr. ANDREWS. Well, Mr. Chairman, I would ask that we review this again when the welfare reform package is out in light of this truly startling information. I think this is absolutely outrageous that this would be allowed to continue in States across this country. There are 41 inspectors for 6,565 facilities when a normal case load should be expected to be 25 or 30 inspections, a complete inability of the Federal Government to monitor. We just take somebody's word for it.

I, frankly, think this is worse than having no regulation at all and no oversight at all because at least then everyone knows it is not going on. Right now there is this make believe world out there where we give the public the impression that there is oversight, that there is inspections, that there is accountability, when in fact there really isn't at all, and I appreciate very much—I am not going to kill the messenger. I very much appreciate your testimony, but it is extremely disturbing to think that we are exposing our kids to these kind of conditions across this country and exposing our families to this kind of pressure with respect to the lack of adequate day care.

If we ever expect to have a future for this country, we better start paying better attention to our kids and our responsibility to them. I thank you for your testimony. Thank you, Mr. Chairman.

Chairman WYDEN. I thank my colleague and I very much agree with his remarks.

Ms. Brown, the picture that you paint of the child care facilities you surveyed ought to sicken and outrage all Americans. What you are in effect saying is that America is sending a significant number of kids to what amounts to human cesspools, and what I find particularly outrageous and want to make sure this is on the record, Federal tax dollars go for these kinds of health and safety problems.

As I understand it, you have talked about programs with fire code violations, exposed electrical wires, toxic chemicals, turpentine around, unsanitary conditions, and the Federal Government is pumping money into these kinds of programs at present; isn't that correct?

Ms. BROWN. Yes. They aren't fully funded by the Federal Government, but we certainly are making a substantial contribution.

Chairman WYDEN. What do the State officials say when you bring these kinds of things to their attention? I would be curious, for example, in North Carolina I gathered there was an instance of child care employees that had been arrested like 14 times, again, and again, and again for things like prostitution, possession of illicit drugs, not exactly America's role model, and I am curious what the State officials say when you bring this to them.

Mr. FERRIS. The States that we visited were extremely cooperative with us. We enlisted the assistance of their inspectors to accompany us, just so that both of us would reach consensus on the observations that we made. They are concerned certainly that these conditions have to be corrected.

We noted several instances where there are recurrent deficiencies which may go on for a number of years. I am talking in terms of 5 or 6 years. Many repeat and followup inspections are not performed because of resource problems, but the folks that we dealt with were generally concerned.

Chairman WYDEN. They say they are concerned, and I think that is fine, but what are they doing about it? I mean, this instance of a person being arrested 14 times, I mean, when you bring to the attention of a State somebody who is being arrested again, and again, and again, who clearly shouldn't be working in a child care program, are the States moving to get these people out?

Mr. FERRIS. Well, let me just share an observation. As I recall, North Carolina has a statute on its books which indicates that FBI checks or national checks would not be performed. They do certain types of checks. For instance, they have a State child abuse registry system that they tap. Also, some States have other State and local checks that they pursue.

There is some sort of background checks being done in essentially each of the States. We found Nevada had the best one because they went to the FBI, and this check was far more encompassing.

Chairman WYDEN. Do you want to add to that, Ms. Brown?

Ms. BROWN. I did want to point out that the information I provided you is quite raw, and we have not reported back to the States on that. However, we have reported to them on the health and safety issues. We will be pursuing this, and we will get information back to the States so that they can look into the backgrounds of caregivers.

Chairman WYDEN. There are many States that do no screening at all, isn't that correct, Mr. Delfico?

Mr. DELFICO. That is correct, particularly for the family day care. The large centers are visited on the average of about once a year, maybe twice a year at the most, and some of those are not unannounced visits, either. They are announced visits, so I question how effective some of those visits can be.

Chairman WYDEN. Ms. Brown, I would be particularly interested in hearing what the States are doing to followup when you bring this kind of information to them. I understand that this is all very new, but it seems to me that it is outrageous that this kind of conduct can be taking place in America's child care program, but, frankly, it is even more outrageous if a public official like yourself brings it to a State's attention and then the behavior persists. That strikes me as even worse, so if you could get back to us and let us know what the States are doing about these kinds of violations you found, that would be very helpful.

Ms. BROWN. I shall, sir.

Chairman WYDEN. Let me ask you about the matter of the health of some of these people who work in day care facilities. Has

anyone investigated health problems among the people who work with the youngsters in child care facilities?

My understanding is that you have said that in many instances there aren't any health records on file. I would be curious to know whether there has been any effort to find out if some of these people about whom we don't know much based on what Ms. Brown has said, have a fairly unsavory past and are spreading diseases to the children.

Ms. BROWN. That was beyond the scope of this review, but I agree with you that something needs to be pursued and we hope that in working with the States now that we can convince them to be much more careful in completing their records.

Chairman WYDEN. Did you want to add to that, Mr. Ferris?

Mr. FERRIS. No.

Chairman WYDEN. Let me ask you, Mr. Delfico, in a number of States a great many programs are exempt from any kind of regulation whatsoever. Has there been any effort to try to count across this country the number of programs that are exempt from any kind of oversight at all? I mean, another aspect of what you all have done, which ought to be a very ominous message to the people of this country, is that you are looking at a lot of programs where there are licenses.

My sense is that, there are thousands and thousands of programs out there that are completely unlicensed, and if you found these human cesspools in places that are licensed, one cringes about the prospect of these other programs. Any effort to count the——

Mr. DELFICO. I think there has been some sporadic efforts, but, Mr. Chairman, the data in this area is really poor. States don't know, we don't know how many providers, particularly relative and family day care providers are out there and without that data, without any information on where they are, it is a difficult process to try to identify those that need attention.

Chairman WYDEN. What do you both think of this argument, we will be hearing about it a bit later on the panel, made by some who run child care businesses that they are overregulated? I would like to have your views, both of you, for the record. Mr. Delfico.

Mr. DELFICO. I would suspect that the smaller centers would probably feel regulations more than larger ones would, and there may be some States where regulations do impact on businesses. However, the variability of standards among States indicates that you really need standards that are more precise, standards that are reasonable and consistent across the States rather than having the sort of patchwork of standards that we see nowadays.

Chairman WYDEN. So you do not think that there is at present a pattern of overregulation of American child care?

Mr. DELFICO. I would say it exists in pockets, but I don't think there is a general pattern across the States.

Chairman WYDEN. Ms. Brown?

Ms. BROWN. I agree there is not a pattern of overregulation. I think there could be more consistency. As I mentioned, I believe we ought to have a floor, minimum standards for those facilities that receive Federal funds.

I also think that there needs to be a distinction between minor violations and the more threatening conditions that exist, and sanc-

tions should be applied against those facilities that have the more serious violations. There are some minor ones, of course, where just corrective action is appropriate. But for the more severe ones, they ought to be taking action immediately to sanction providers.

Mr. FERRIS. I can recall an example of vague regulations or standards which also can present a problem. Where there is a standard that is vague, its interpretation can be very broad. As I recall, for example, at one location, requirements indicated simply that children be protected from hazards. Well, we saw in one facility a play yard which was not fenced and was adjacent to a sidewalk and naturally traffic. Another play area may have a short fence which a child could conceivably climb and get out. So it was a matter of interpretation of how one would necessarily protect a child from hazards in their play area.

Chairman WYDEN. Let me see if I can wrap up with just this one last point. As we have said, and there is general agreement, this is a matter that is generally handled by the States, both with respect to facilities that people pay for privately and for facilities that people pay for publicly. What you all have found is that in a good cross-section of the States that you are looking at, in a lot of respects, the system, to the extent there even is a system, is basically playing catch-up ball. It is not able to deal with the health and the safety violations that put at risk our kids.

The Congress is about to debate another major public policy reform that is going to bring millions of more youngsters into day care facilities. What are the implications for today's system which already seems to be creeking and is overburdened and under financed? What are the implications for the child care system of bringing yet millions more youngsters into child care in America? Mr. Delfico?

Mr. DELFICO. I think that there are major implications. I think this is an area that we really must focus on as we move into welfare reform.

There are two points I would like to make. First, there are programs, and the Federal Government does spend money on child care. There are four programs that I deal with that have barriers. They are separated; they are very difficult to work with; States have a very difficult problem making a seamless system out of this. We have to work toward that.

The four programs that serve the AFDC populations and the working poor could be better integrated so that, as one earlier witness said, they are not competing for the same funds. I think seamlessness is the key. Pressure has to be put on the States. They have to set reasonable standards, they have to monitor, they have to screen, and they have to go out there and apply sanctions. There is no question about it, I think they can do a better job.

Chairman WYDEN. Ms. Brown, the tidal wave is coming. What is it going to mean for American child care?

Ms. BROWN. Well, I do believe that there needs to be some incentives in the system for the States to ensure the proper care of children and for the child care centers to do the right kind of job. We cannot expand this system without making an investment, without being sure that we have the right kinds of people running these

centers, and without having standards that we can all appreciate and abide by.

Chairman WYDEN. So just to followup on that, I gather that you would be concerned that tax dollars would really be wasted by, in effect, pouring more money into child care when things are creeking and overburdened right now, and what you would rather do is try to change the system and try to make for some consistent regulation, ensure that there was more oversight by the States, background checks, things of that nature, and you would be cautious about just pouring more money into what is out there now?

Ms. BROWN. I don't think pouring more money in at this point would be the solution at all. The system needs to address the issues we and my colleagues here have suggested. Certainly, under welfare reform we have that opportunity. we need to recognize what these problems have been and what they continue to be so that we can get the right kinds of controls in as we expand the system.

Chairman WYDEN. It is a very good point. Let me yield briefly to this gentleman, to the gentleman from Maine, and then I am very pleased that our friend from California, Mr. Huffington, is here, so let me yield to my friend.

Mr. ANDREWS. Just so I am clear, Ms. Brown, you are saying that we should not be investing any more money into a system structured in the way it currently is, but you are not suggesting that we don't need to invest significant amounts of resources into making a reformed system work. Is that correct?

Ms. BROWN. Absolutely. It is going to have to be funded. We are going to have to do it right or we shouldn't be doing it. Right now we are trying to force a system without enough funding, without enough oversight by the States, not just the Federal Government, and without acknowledging the realities of what is happening. There is going to have to be a substantial investment, but that needs to be in the context of looking at the whole system, finding out where there is overlap, making this seamless from one program to the other, and considering all aspects. I think we have that opportunity with welfare reform and we are certainly providing our input into that process, and the Secretary has been quite vocal about wanting that input.

So I do think we have a unique opportunity here, and I don't pretend it is not going to cost some money. We need to make the investment, but we need to be sure that we are investing in the right things that are really going to correct these problems.

Mr. ANDREWS. Can you give us any idea of how large of an investment we are talking about?

Ms. BROWN. I am sorry, I don't have that information.

Mr. ANDREWS. Thank you, Mr. Chairman.

Chairman WYDEN. I think this is a very important area. This investigation and the work that you all have done is not a brief against welfare reform. I think what it is, it is a brief that says good child care is a prerequisite to welfare reform, and what you have said, and I think both of you have touched on it, is that we need to overhaul the child care system in order to really do welfare reform right. It is going to take some resources.

My own sense is you either pay now or you pay later. If you don't make an investment in decent child care, we can't get our parents off public assistance and out in the work force and being independent. So the name of the game is to try to make it possible for people to get back in the work force, and that strikes me as a much better investment than considering the spiral where generation after generation gets caught up in the Catch-22 that Ms. Bates talked about this morning.

So you all have been excellent, and we appreciate your patience. We are pleased that our friend from Santa Barbara is here. I don't think he has on a daily basis this kind of weather, and he has been a valuable Member of our subcommittee and we welcome him.

Mr. HUFFINGTON. Thank you. Just a comment. Child care is something that is important to all of us, whether or not we have kids in child care centers or whether we ask for people to come to our home and help. I have two young daughters, two and four, and I have looked for 4 years for someone, as my wife has, who can help take care of the kids while we are either working or campaigning or whatever else we do.

I think part of the problem is not just regulations, although that is important, and we don't—all those types of things that we see there are despicable. But it is finding good people. The Federal Government can't mandate that, the State governments can't mandate that. That is just a problem we have, and, frankly, it is a little discouraging, because we haven't had an emphasis on service in this country. I hope that we will get back to that. In the old days, it was a grandmother that helped take care of kids. In fact, we have my mother-in-law at home, which helps. I think maybe we should start encouraging some of the people who have retired to be more active in their own families, not just for doing it on a paid service basis.

But I am glad we are having the hearings, because any parent wants their child to be well taken care of, whether it is by a paid professional in a day care service center, or at a home, and enlightening the public with what is going on is important. But I don't think regulations alone are the key to this issue. It comes back to people, and that is a local issue more than a Federal issue. But I am delighted you are here, and thank you for joining us.

Ms. BROWN. Thank you.

Chairman WYDEN. I thank my colleague. I share his view.

The Government cannot by fiat direct that we automatically have enough people out there to do the kind of work the gentleman is talking about, and we intend to work with him on a bipartisan basis to come up with a sensible mix of incentives.

We had a very good suggestion earlier from the folks at the Children's Defense Fund that perhaps almost a model standard, a kind of uniform standard, might even be the one that is emerging in the community block grant programs. We are going to work closely with the gentleman on a bipartisan basis.

You all have been terrific. We would like before we excuse you to ask if we might be able, the subcommittee, to obtain some additional work for you to followup on some of the specific matters on health and safety violations. Is that a matter we can pursue with you?

Mr. DELFICO. Fine.

Ms. BROWN. We will be glad to talk to you about that.

Chairman WYDEN. Fine.

[The information may be found in the appendix.]

Chairman WYDEN. We excuse you at this time.

Let us call Olivia Golden, representing the Department of Health and Human Services at this time.

Ms. Golden, we welcome you and appreciate you being here in the horrendous weather as well. The Department has been very helpful to us in pursuing an inquiry, and I have sat at the host of meetings where the President has talked about the importance of welfare reform and making sure this job is done right, and we are pleased to be able to work in cooperation with the administration on it.

Now, it is the practice of this subcommittee to swear all of the witnesses. Do you have any objection to being sworn as a witness?

Ms. GOLDEN. No.

[Witness sworn.]

Chairman WYDEN. We will make your prepared statement a part of the hearing record in its entirety, and if you could take 5 or 10 minutes or so and maybe highlight your major concerns, that would be helpful. Please proceed.

TESTIMONY OF OLIVIA GOLDEN, COMMISSIONER, ADMINISTRATION FOR CHILDREN, YOUTH, AND FAMILIES, U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Ms. GOLDEN. Thank you. Chairman Wyden and members of the committee, thank you for giving me the opportunity to come before you today to speak about the critical issue of child care.

I am Olivia Golden. I am the Commissioner of the Administration on Children, Youth, and Families within the Department of Health and Human Services. I am particularly pleased to talk about the interrelated issues of child care quality, affordability, and accessibility in this committee, given the unique interest of small businesses in the issue of childcare, as child care providers, consumers, employers of consumers, and as you pointed out earlier, Mr. Chairman, as part of public-private partnerships.

This morning, all across the Nation, or at least in those places where it is not snowing, millions of young children are in out-of home care while their parents are working or receiving training and education. The dramatic increase in the labor force participation of mothers has heightened the interest in child care in recent years and increased our stake in the quality of care.

As Ms. Bates' testimony illustrated earlier, children are being cared for in a wide range of settings, including their own homes, family day care homes, formal child care centers, Head Start centers, and many others. Because of the variety in the existing system, different approaches for ensuring quality are appropriate, but all children should enjoy basic health and safety protections and be in environments where they have the opportunity to grow and develop. It is critical for the Federal Government, in partnership with States, communities, providers and parents, to work toward that goal.

As Commissioner of the Administration on Children, Youth, and Families, I am responsible for the administration of the Child Care and Development Block Grant, one of the largest direct assistance child care programs administered by the Federal Government and the program highlighted by Nancy Ebb earlier as one that has the strongest standards, as well as the Head Start Program.

I just want to say that I am very proud of the fact that the administration's commitment to quality and to expansion in child care is highlighted in the President's budget submitted Monday by an increase of almost 20 percent in each of those programs, the Child Care and Development Block Grant and the Head Start Program.

In addition, I serve as the Chair of the Child Care Working Group, an internal group convened by Mary Jo Bane, the Assistant Secretary for Children and Families, to provide greater consistency and quality across the ACF child care programs.

I will focus this summary of my written testimony first on providing a very brief overview of ACF's child care programs and, second, on some of our preliminary plans through administrative changes, through welfare reform, and through technical assistance and training for making the child care system more responsive to the needs of children and families.

The Administration for Children and Families administers a variety of programs to help low-income families obtain child care. We focus on assisting individuals and low-income families who are employed or in education and training and who need child care to achieve self-sufficiency.

The Child Care and Development Block Grant (CCDBG) provides Federal funds to the States for child care assistance and Title IV–A of the Social Security Act provides Federal funds for child care for AFDC recipients, transitional child care for families leaving AFDC, and at-risk child care for the working poor. At the minimum, all of this care is subject to applicable standards of State and local law.

In addition, the CCDBG requires that all providers receiving funds must meet health and safety requirements set by the States in three areas: Prevention and control of infectious diseases, building and premises safety, and training for providers.

The administration is strongly committed to improving the quality and supply of child care through partnerships with States, with other grantees, communities, providers, parents and the private sector. The principal source of Federal support to strengthen quality and enhance supply is the CCDBG.

Under the CCDBG Program, 25 percent of the funds must be set aside for activities to improve the quality of child care and increase the availability of early childhood development programs in before- and after-school care. Among the activities funded from the set-aside are resource and referral services, grants or loans to assist providers in meeting State or local regulatory requirements—I think, Mr. Chairman, we were talking about loans from this provision earlier—monitoring compliance with State and local licensing and regulatory requirements, training for caregivers, and improving salaries for child care staff.

Under these important quality provisions, States, territories, and tribes have initiated a wide array of projects to improve child care, including consumer education, staff and provider training, accreditation, automated systems development, monitoring, linkages to comprehensive service programs, and supply enhancing activities. My written testimony offers detailed examples of these activities as well as of some activities at the Federal level.

As we look ahead, this administration is dedicated to providing leadership to improve the quality and accessibility of child care. The President's decision to request a significant increase in the child care development block grant for fiscal year 1995, an increase of $172 million, or almost 20 percent, is an example of our commitment to addressing this critical issue.

In addition, the Administration for Children and Families is developing regulations designed to remove barriers to coordination of child care services—to address the crazy quilt we talked about earlier—and to support States in improving the quality of care.

We are also focusing on technical assistance to States by planning a number of technical assistance conferences focusing specifically on the quality and coordination of services, and we are carrying out some key activities in partnership with other parts of the Department of Health and Human Services, particularly with the Public Health Service, Maternal and Child Health, and the Centers for Disease Control.

Along with these activities, as part of welfare reform, the working group on welfare reform, family support, and independence is taking a very serious look at the adequacy of the overall child care system. Child care is critical to the success of welfare reform. It is essential that we provide child care support for parents who will be required to participate in education, training, and employment.

In closing, I want to again thank you for your interest and your commitment to improving the lives of young children and their families through the provision of quality and affordable child care. Our agency stands ready to work with you on all of these issues. We are particularly interested in ideas that you may have on oversight of health and safety issues, on promoting quality, and on improving the accessibility of child care for the employees of the Nation's small businesses. We look forward to a continuing dialog on these issues with you and your staff and very much appreciate your holding this hearing and the opportunity to testify. Thank you.

Chairman WYDEN. Thank you very much. We are going to work real closely with you, and I will have some questions in a moment. Let me give my colleagues the chance to start.

[Ms. Golden's statement may be found in the appendix.]

Chairman WYDEN. Mr. Andrews.

Mr. ANDREWS. Thank you very much, Mr. Chairman, and thank you, Ms. Golden, for coming. I appreciate your encouraging words in terms of the commitment of this administration to quality child care in this country, and the evidence of the 20 percent increase in, for example, the child care and development block grant program to $1.1 billion.

It is interesting. Mr. Chairman, in addition to sitting on this committee and subcommittee, I serve on the House Armed Services

Committee and the Acquisition Subcommittee, and you walk into different worlds. $1.1 billion sitting in my other subcommittee is tiny. It is less than half of one of our obsolete Cold War weapons systems that we are putting money into in this budget. Yet that is what we spend for the entire program for the entire country for our kids. It is just an interesting juxtaposition. I sometimes wonder if I am on the same planet around this town as I walk from subcommittee to subcommittee.

But that aside, let me just ask you this. You were in the room when we heard the other panel testify of the incredible conditions that they were confronted with when they did their random survey. Just shocking, outrageous conditions that our children are exposed to.

You also heard Mr. Delfico talk about the increase in demand over the past few years, and an erosion of enforcement standards and enforcement practices by States that corresponded with that increase in demand, and you heard the Chairman comment quite accurately that with welfare reform, we can expect an even greater increase in the demand in future years.

Can you tell us, Ms. Golden, given the President's budget, and given the enormous responsibility that we have to protect our kids in light of the testimony that we have heard, are we doing even a fraction of what we should be doing as a Federal Government with respect to our children, with respect to the standards that they will be guaranteed, the parents will be guaranteed for these kids, and enforcement of these standards in all 50 States?

Ms. GOLDEN. Well, I think we are seizing the opportunity to turn things around. I am an optimist. I came to this administration from the Children's Defense Fund where I had the chance to work with Nancy Ebb whom you heard earlier. I came because I believe we have an opportunity in both the commitment of the administration and Members of the Congress, such as yourselves, and the commitment of people around the country, whether in the private sector or just parents, to pay attention to what has happened to America's children. What we have done so far includes a major commitment to quality in Head Start, both through the resources and through the introduction yesterday of a bipartisan reauthorization bill on Head Start that will emphasize quality.

As I think Nancy Ebb mentioned earlier, we need to use those resources also to influence the rest of the child care system, for example, by sharing some training ability.

I think the Congress made an enormous contribution by passing the Child Care and Development Block Grant. Since the GAO and the IG Reports, States have gotten those resources and I think they have been using them to make a start. About 40 States, for example, have used Child Care and Development Block Grant money to do monitoring. We are trying to make a serious focus on training and technical assistance.

One of the most appealing projects, I think, is the partnership I mentioned with the Public Health Service. But I would in no way tell you we are there. I was confirmed just before Thanksgiving, and I think we have gotten an enormous amount done and are really at the point where we can seize the opportunities and move ahead, but I don't think we are there yet.

Mr. ANDREWS. Ms. Golden, I think, again, back to my House Armed Services Committee role, and we hear a lot in my committee about a hollow force and the potential—that with inadequate funding of our Defense Department, we will end up with a hollow force, that is, that we would have a Defense Department that looks like it can meet the defense needs of the country, but in fact, it is a hollow force and cannot.

It seems to me from what you are saying to us, that we have a dramatic hollow force when it comes to the responsibility that we have to our kids, that we don't have the resources that we should be having out there for day care, that we don't have the mechanisms and the resources to protect our kids, to oversee whether or not they are in the kinds of conditions that we saw today and that clearly we have a hollow force.

Ms. Golden, let me ask you this. I appreciate your commitment to our children, and I appreciate very much the commitment of this administration reflected in the 20 percent increase that you mentioned in the budget. But this Congress and the American people need to know the relationship between what we are doing now, even with those improvements, and what the need is out there. I mean, we just saw some random—the results of a random survey of States which is absolutely outrageous. I can't think of anyone in my district who could stomach what we have just seen and heard and that anyone that would think that our kids would be subjected to that kind of treatment.

I want to know, and I would like to know from you if you could tell us now, or if you can tell us at any time in the future, the relationship between what we are doing now, even with this revised budget, and what the need is out there, number one, and, second, I asked this earlier to Ms. Ebb, what the relationship is between an investment in child care, particularly with respect to the small business community and the capacity of our economy to grow, that is, what is the return on investment when we can assure parents and we can help small businesses to attract good workers into their businesses and therefore generate the economic activity and generate a return for our economy and our budget.

I would like to know very much what the relationship is between those two things. Are those two questions that you can begin to answer now, and if not, are those two questions that your department would be willing to do some research and help this committee out with?

Ms. GOLDEN. Let me give you partial answers now and then why don't we come back to you with fuller answers.

Like Nancy Ebb, I don't have the answer off the top of my head to the question of investment; though I share your sense that investments in young children pay off for two reasons. We do know they pay off; we don't have good evidence about the numbers. One way they pay off is in children's development, their healthy growth and development. A lot of the research literature that focuses on costs and benefits has highlighted the payoff of excellent, comprehensive, high quality, early childhood programs in children's growth and development.

A second payoff which you have identified is the payoff when parents feel secure about the child care that their children are in

and are therefore able to sustain employment and work. I don't at the moment know of a study that puts a number on that, but we can go back and look and we can certainly get back to you on that.

[The following material was subsequently received for the record:]

There are no studies that specifically address the satisfaction or feelings of security among parents whose children's care is subsidized by the CCDBG. However, both the CCDBG statute and the regulations emphasize that parents must be given a wide range of options so that they can choose care which meets their individual family needs. In addition, all providers must meet health and safety standards. Thus, parents have two important safeguards: They both control the selection of provider and know that their provider must meet certain standards. In addition, the States are spending 25 percent of the CCDBG money on efforts to improve the quality and availability of child care services.

During the first reporting period of the CCDBG, States estimated that approximately half a million children from more than 300,000 families received child care subsidized by the CCDBG. Nearly 70 percent of all participating children received care so that their parents could work and about one quarter had parents in education or training. Fewer than 10 percent were in care because of their family's need for or participation in protective services. Nearly all of the children in subsidized care were in licensed or regulated facilities.

Despite all that is being done to assure parents that their children will be safe, secure and nurtured while they work, there are indications of important gaps in the supply of high quality care. States and other grantees report having insufficient funds to serve all eligible families who seek their assistance. In addition, they indicate that there are inadequate numbers of providers in most communities, especially providers to care for infants and special needs children. Many parents who need subsidized care also work nonstandard hours such as swing, rotating or irregular shifts, weekends or evenings when the supply of care is most limited.

Ms. GOLDEN. On the question of the need, there are a variety of kinds of data that we collect and some other kinds that I believe should be more thoroughly collected out there. One question about need is how many children are in settings that aren't good settings. As people have said earlier, there aren't very good counts of that.

The Department of Education has just done an observational study of preschool programs, of early childhood programs. They have gone out and looked at different kinds of programs and their quality. It is very difficult to get a sense for children in informal care, in the home; although there is some research going on out there.

What we collect within the Department right now is information on State licensing standards and basic numbers of children out there in different kinds of care. I would be happy to go back and let you know what is available in the research literature, which will answer pieces of the more difficult quality questions, and we will be providing a report to Congress that provides the basic factual data.

Mr. ANDREWS. I appreciate that, Ms. Golden.

[The following material was subsequently received for the record:]

In addition to the preschool observation study which I mentioned in my original testimony, there is a new study soon to be released by the Families and Work Institute in New York which examines questions of quality in informal child care settings. A second new study on "The Cost and Quality of Early Care and Education" is being conducted by a research consortium at the University of Colorado in Denver, UCLA, the University of North Carolina, and Yale University. I understand that research results are expected later this year.

In 1990, we completed a major research effort in partnership with the Department of Education and the National Association for the Education of Young Children (NAEYC). This initiative linked the National Child Care Survey 1990 and A Profile of Child Care Settings which jointly developed national profiles of supply and demand for all types of care, including both formal and informal settings. These studies contain many findings which relate to questions of quality. Results are summarized in *The Demand and Supply of Child Care in 1990,* available from NAEYC. In addition, Dr. Sandra Hofferth at the Urban Institute is continuing her analysis of the NCCS data in a series of papers which focus on quality, cost and availability. These analyses are funded by the National Institute of Child Health and Human Development and the Pew Charitable Trust. All of the data tapes are archived at Sociometrics Corporation in Los Altos California to facilitate public access. We are hoping that other researchers will make use of this rich data resource to further explore these important questions.

Mr. ANDREWS. I thank you, Mr. Chairman.

Let me just say that I would very much like to see when the welfare reform package is presented to Congress that we see the relationship between what the administration will be proposing, particularly with respect to child care, and what the need is. I think it is extremely important for the Congress to understand the dimension of what we are talking about. Thank you very much.

Ms. GOLDEN. Thank you.

Chairman WYDEN. I thank the gentleman. The gentleman from California.

Mr. HUFFINGTON. If you were able to start your department from scratch—no one has that luxury—where would you spend your time and money? What does your ideal department look like? How can the Federal Government make a difference?

Ms. GOLDEN. Well, from my perspective, the issues that I now administer within the Administration on Children, Youth, and Families, are crucial areas for investing our money, because they are about young children, Head Start, child care. The family support and preservation legislation passed by the Congress last summer is another way of investing in families early. So from my perspective, there are at least a lot of the pieces that we have about right, that this Congress has had about right in terms of focusing on investments, on prevention, on families, on young children. I don't know if that is a specific enough answer.

Mr. HUFFINGTON. Well, how do you describe that, though? When you say prevention, in what way?

Ms. GOLDEN. Well, for example, the administration's investment in the Head Start Program is an investment in children 3 or 4 years old. The proposed reauthorization legislation submitted yesterday will encourage some initial investments in supporting families with younger children. It is an investment in children and in their parents. The Head Start Program also supports parents and that, as we know from studies of quality child care, is important. There needs to be a connection to the parents as well. As a result, in my view, when you invest in quality for young children and their families, you ensure or you help to ensure that later on down the road those children are more likely to be able to succeed in school and later in life.

Mr. HUFFINGTON. Well, would it be a good idea also, though, to encourage businesses that are large enough to provide the health care facilities, either through a tax break or larger, so that the kids are at least around the parents also, and ideally, if you had children, wouldn't you like them to be next door being taken care of by a child care provider where you could occasionally go in and say hello?

Ms. GOLDEN. I think there is a wide range of arrangements that work for parents, and I agree that one of the arrangements that works is child care at the workplace. Of course, it doesn't work for all. It is sometimes easier to have the child in child care to be near the school, or parents may prefer a different kind of service or a family nearby. But I think it is very helpful to encourage an array of different kinds of choices so that the one that works best for a family might be available.

Mr. HUFFINGTON. I want to make one last comment. Though we spend a tremendous amount of money on defense as a Federal Government, that is the Federal Government's role, it is certainly not ours as individual citizens to defend our country on the border. We may only be spending $1 billion in the Federal Government, but there are millions of working income families that spend billions and billions of dollars helping take care of kids. So we want to encourage that. I prefer it at the family level, but where the families can't take care of it, then obviously the Government has an obligation. But I think we first need to look to our families and our churches and nonprofit organizations to help. But thank you for your testimony.

Ms. GOLDEN. Thank you. I think that point is tremendously important, that underlining child care is a partnership. It is a partnership between different levels of Government, families themselves, communities, neighborhoods, nonprofits, and the private sector. I think it is a very important feature of thinking about child care.

Chairman WYDEN. Well, let me start by asking you, a question. It seems to me we have got to have child care reform as a prerequisite to welfare reform, and I asked both the Inspector General and the General Accounting Office whether to do that we need to overhaul America's child care system. They both said yes, that we do need to overhaul the system. Is that how you would characterize it?

Ms. GOLDEN. Well, I guess I would start with the reasons for welfare reform. I thought that Ms. Bates was very eloquent in un-

derlining one of the important reasons. She talked about her own passionate desire for a system that would support her in moving ahead with her own life and moving toward work, and I think that her wish is a common one. I think one of the things about the current welfare system is—I am sure you have heard as members of the administration's working group heard in hearings all over the country—that the people who are the most frustrated with the way things work now often are people who are on welfare and who are frustrated in their desire to move to a next step. So I think there is an enormous urgency in moving forward and an urgency that the administration, the President feels strongly about.

At the same time, welfare reform is about supporting families and child care is a central component of welfare reform. So we are right now working through a lot of the details and don't have specifics on the policy choices, but hope to be able to address that in the proposal that the administration submits this spring.

Chairman WYDEN. But do you think this needs to be a fundamental overhaul? We are not talking about cosmetic, feel-good, modest kinds of changes. I asked them about overhaul, and they agreed that the system needs to be overhauled. Is that a characterization you would support?

Ms. GOLDEN. Well, I guess perhaps I am closer to Nancy Ebb's earlier testimony where she talked about both the needs for investing resources and the need for making some of those modest to medium-sized changes that will make a huge difference to families.

For example, I was mentioning earlier the partnership with the public health portion of the Department. They have put together guidelines on what it means to have healthy and safe child care, both for centers and for family day care providers. They are contracting with States—with nonprofits to do technical assistance with States and to make sure that it gets out to every provider, and a number of States, I think including Oregon, which has been innovative in a variety of ways, are now using Child Care and Development Block Grant funds to make sure that dissemination happens.

I believe it would be an enormous service to children if we were able to have healthy child care facilities throughout informal and formal care. Even though that might seem on that scale a modest rather than a dramatic overhaul, it would still make a big difference for children. So I guess I believe there are some big things we can accomplish.

Chairman WYDEN. Let me ask it one more time, because I share your view that we do need to make some modest changes, but I also think that we need an overhaul. Do you agree that we need an overhaul?

Ms. GOLDEN. I guess, again, it may be my approach to creating change. I think you take all of the steps you can and in the end they add up to an overhaul, is perhaps the way that I would think about it.

Chairman WYDEN. Let's move into another area. The Inspector General looked at 134 programs; 134 programs, 6,000 kids. We saw the kind of horrors that they brought to us. Do you have any reason to think that what the Inspector General found is not representative of our country?

Ms. GOLDEN. It is clearly very sad and very shocking. I think that is the most important thing about it. I think, as the Inspector General testified, it wasn't selected as a representative sample; it was selected as the examples of those child care facilities that the States thought were worst. So I think what it is fair to say is, it represents the worst of what is out there, and we shouldn't have that out there. No parent should be putting their children in that kind of setting.

Chairman WYDEN. Eighty-five percent of the caregivers are not licensed at all. They were looking at licensed programs. How can we be sure that we are looking at the worst in terms of what the Inspector General and the GAO told us?

Ms. GOLDEN. I think you are right. We can't be sure. That was how they selected the sample. But I think you are, of course, right that State inspectors wouldn't necessarily know about unlicensed care in people's homes.

Chairman WYDEN. My concern is that this may be the tip of the iceberg.

They have looked at a number of States where there were some problems, but they still are in the ball park of licensed programs and only 15 percent of the programs in this country are licensed. That means the vast majority of kids are spending these huge chunks of time each day in programs that aren't licensed at all, aren't subject to any kind of scrutiny, and, frankly, one of the things that disturbs me the most is someone like Mr. Delfico and dedicated people like yourself can't even tell us how many programs there are in this 85 percent category, and we haven't even begun to get a handle on them.

Ms. GOLDEN. Well, let me comment on the unlicensed care because I think that is a challenging issue. In fact, the Congress in the child care development block grant statute did say that any care paid for under that program needs to be subject to State standards, even if it is not otherwise licensed in three areas: Control of infectious diseases, provider training, and physical premises safety. So, at least in theory, there is a protective framework there.

I think that the number of children in unlicensed care is a good question. The reason researchers have had trouble with it is, of course, that it is hard to know how to find children who, as in Ms. Bates' testimony, may be cared for by a relative or might be in a home. There have been some efforts to estimate. But understandably, it has been hard to do an exact count, and I think you are right that it is a very important area to pay attention to.

Chairman WYDEN. One of the other things that concerns me, as you know, there was a program enacted in the last round of welfare reform, the transitional child care program. It seems like there are thousands and thousands of people waiting in line for this program. I would be interested in your analysis of this. There were only about 15 percent of the eligibles using it in 1991. Do we have a number, say, for 1992 or 1993 to get a better handle on it? Because this is particularly relevant to this welfare reform. Because people are going to say, let's see what we did last time, and what we did last time doesn't seem to be working very well, given all of these people waiting in lines. How many of the eligibles are now using the transition program?

Ms. GOLDEN. We do have numbers in terms of families. It is hard to know what the percentage is for eligibles because there isn't a good figure. But the number of families on transitional welfare, which you point out is a tremendously important program for families leaving AFDC, has slightly over doubled, from about 24,000 families in fiscal year 1991 to a preliminary number of about 52,000 families in fiscal year 1993.

Chairman WYDEN. Are there several million eligible?

Ms. GOLDEN. I don't think several million is the number. I think your original press release had shown a figure of 150,000, but we haven't been able to identify an estimate.

Chairman WYDEN. OK. For fiscal year 1991?

Ms. GOLDEN. We haven't been able to find a good estimate of what the actual eligibles are, because the rules about under what circumstances leaving welfare you remain eligible for Transitional Child Care in the statute is quite complicated. But I think the most important thing to say here is that we absolutely share your sense that families ought to be getting what is coming to them.

We have taken some action. For example, strengthening and clarifying our guidance to the States whose obligation it is to make clear to families that Transitional Child Care is available. We are, in the regulatory package we are developing now, trying to see if there is anything else we can do in that area. Because, I agree, more families should have the opportunity to get what they are eligible for.

Chairman WYDEN. Have you found some evidence that some States aren't even getting the word out that this program is available because they would rather use the money for something else?

Ms. GOLDEN. Well, we hear that anecdotally. It is something that people say. We also hear from State administrators that they are telling people, are notifying people, and that there are other reasons that people either don't choose to use it or somehow are lost in the system. I think it is our responsibility to work with the States to make sure that the information and the systems are working to provide people with the assistance for which they are eligible.

Chairman WYDEN. What is the penalty for any State or program if they do jeopardize the health and safety of kids with Federal child care dollars?

Ms. GOLDEN. Well, Congress has wrestled with that and resolved it in different ways with different programs. In the Child Care and Development Block Grant, as I say, the standard of care is required to meet State standards in those three areas—infectious diseases, physical premises safety, and provider training. If a State weren't setting standards or weren't applying them, it could certainly lose money under its Child Care and Development Block Grant plan.

In the three child care programs that are under the Social Security Act, the only obligation is that care be subject to whatever State licensing the State does. So if there is a health and safety problem, but it is not one that State licensing would cover, then that is not something that the Congress specifically listed, leaving such matter to be covered by the regular State licensing standards.

Chairman WYDEN. Let me ask this. Take, say, the last 3 years. Has the Federal Government ever withheld funds from a bad pro-

gram because of the perpetration of these horrible health and safety practices?

Ms. GOLDEN. I don't know the answer to that question. We can get back to you. There haven't been 3 years of funding in the child care and development block grant yet.

Chairman WYDEN. But in some of the other ones there certainly have?

Ms. GOLDEN. Congress passed those, is it in 1988?

Chairman WYDEN. Yes. I mean, we are talking about Head Start.

Ms. GOLDEN. Oh, in Head Start, absolutely, there we do withhold funds. I should talk about the efforts in Head Start where we have a direct relationship to grantees. There we, in fact, do terminate programs; because we have a direct relationship with grantees. We also invest resources in ensuring safety in those.

Chairman WYDEN. Do you have any idea how many instances—what I want to know is whether there is a sanction and how often it is kicked in because, you take this North Carolina situation, people being arrested repeatedly and bring it to the attention of the States. I mean, at some point the system is either mush or it is going to be something that protects kids.

I would be curious—maybe you want to furnish this for the record as well, if you can tell us anything today about the Federal Government actually using the sanctions to send a message across the country that these kinds of horrendous practices aren't tolerated.

Ms. GOLDEN. I don't know the specific numbers, and we should get back to you on that.

During the past 3 years, 33 on-site program reviews have been conducted to assess our grantees' implementation of their Child Care and Development Block Grant Programs. These reviews did not indicate any violations of State or Tribal health and safety regulations for which the administration needed to initiate any adverse action such as the withholding or termination of funds.

Ms. GOLDEN. In the Head Start Program, because the Federal Government has a direct relationship with grantees, we do on the one hand invest money to correct deficiencies and on the other hand terminate grantees if they can't correct them. So that is one where we have that direct relationship.

In the other programs where our relationship is with the State, the process is clearly a more complicated one and is more likely, I think, to be one about reviewing the State standards and the State process of enforcing them and providing technical assistance and support. But I will find the information on whether, in fact, we have withheld money from States in those programs.

Chairman WYDEN. My feeling about the enforcement business is not to try to go out and bring thousands and thousands of cases. But if you bring a few cases and you do them well, then you send a message that there is some deterrence here, and that Federal dollars aren't just being frittered away on these kinds of horrendous problems and we have not been able to get a handle on it. I appreciate that the administration wants to try some different approaches.

Ms. GOLDEN. Thank you.

Chairman WYDEN. We are anxious to work with you on that.

Now, the GAO has said that there are a number of States that simply aren't inspecting and others that are really slipping badly. Now, that is something that they have brought to our attention. What do you think the administration should do to deal with that assessment that we have just been given by GAO?

Ms. GOLDEN. I think it would be very helpful for us to work with GAO to do an update on their study, which was, I think, before States were spending the Child Care and Development Block Grant money, which about 40 States have used to hire inspectors.

I think you are absolutely right that we need to be up to date on how the States are doing on monitoring and enforcement. One important way States have been using their quality money is to hire inspectors. A second thing they have been doing is using the money to train inspectors.

Another of the important things, I think, is that while some of the minimum standards are ones that a fire safety inspector can do based solely on the code, for some of the things you want looked for in a child care center, you would like the person to have some child development training. There are some creative efforts also going on out there with block grant funds in terms of training people in child development, special training in infant care, for example where there are specific standards you would want to apply.

So I guess my overall sense of how we need to get there is that we need to focus, as you point out, on sending a message; we need to focus on providing resources that support these activities; and we need to focus on training and technical assistance. Because I do think that both at the State level and at the provider level, there is great eagerness, as I think you, Mr. Chairman, pointed out earlier, for model programs, for knowing what is out there that works really well, and I think we at the Federal level need to try to meet that need.

Chairman WYDEN. Let me ask one last question, almost by way of kind of summing it up for me. It seems to me that we have had a pretty frightening picture painted for us by the General Accounting Office and by the Inspector General. We have thousands of people waiting in lines. We have the Inspector General bringing these incredibly gory pictures about what kids are subjected to now before the Congress. This is all before welfare reform. I mean, it would be one thing if we were talking about the same numbers that we have now, but we are talking about a huge number of additional people.

What are the real priority changes that you would like to make so that this time when we do child care and do it as part of welfare reform, we can do it right?

Ms. GOLDEN. That is a good question. It does sum it up. I guess as I think about child care and child care quality and what needs to happen to the system, I think about several things. I do think about investments. I do think, as I say, that the investments in Head Start and in child care that are in this budget are tremendously important to making sure that those circumstances don't happen and that parents have alternatives.

I think the Inspector General said something very powerful when Congressman Andrews asked her why a parent would leave a child in those settings and she said well, maybe because they have no

choice. So, if there is a strong comprehensive Head Start center down the block, maybe that is a help. So investments are one piece.

I also think it is important to make our regulations fit together in better ways so that there aren't obstacles that people can cite to bringing programs together, drawing on the strength that exists now in the way the Congress has put together the Child Care and Development Block Grant. Third, I just very much think that we don't only want minimums. I mean, if I think about it—I have a nephew who is now a year and a half, and as my brother and his wife think about where Steven is going to be—of course I don't want my nephew in a setting like that, but I really also want him in a place where the caregiver is talking to him and engaging with him and where all of his brightness and excitement and personal qualities are really appreciated and nurtured.

To get to excellence, I think you have to go past the enforcement and the monitoring, though that matters, and you have to get to investments in training and in technical assistance, both for individual providers and for networks, small businesses, and everyone else. I think there are some creative examples out there, and I think that we at the Federal level have to learn to nurture and disseminate those examples.

Chairman WYDEN. I think that is a good agenda, and we will work with you on it. But I think we have to send a message now that we are following up. Because my sense is from the Inspector General's report, the one done by the GAO, that you have these problems at the State level; they may or may not be corrected, and then you have this happen again and again and again until you have some sort of tragedy that is splashed in the newspaper. You don't wish that, and we don't, and sending a message that there is going to be some real followup on problems—I think, it is not particularly flashy and it doesn't need much for any headlines. But to me, that is one last one for your priority list.

Ms. GOLDEN. Thank you very much.

Chairman WYDEN. If you don't want to ask anything further, we will excuse you and we plan to work very closely with you in the days ahead.

Ms. GOLDEN. Thank you very much.

Chairman WYDEN. Thank you. We have one additional panel, and a very good one. Let me call forward Janice Elliot, administrator, Child Care Division of the Oregon Employment Department; Dee Topol, president of The Travelers Foundation; Richard Clifford, director, Division of Child Development, North Carolina Department of Human Resources; William Gormley, professor, Georgetown University Graduate Public Policy Program; and William Tobin, director, Government Relations, Child Care America.

We thank all of you. We are especially pleased to have Ms. Elliot here from home. We are glad you are here and we are glad all of our witnesses are here. It is the practice of our committee to swear all of the witnesses. Do any of you have any objection to being sworn?

[Witnesses sworn.]

Chairman WYDEN. We will make all of your written remarks a part of the hearing record in its entirety, and if you could take

maybe 5 minutes or so, that would be great, and we appreciate everybody's patience and assistance.

Ms. Topol, I hope I am pronouncing that right, and we welcome you.

TESTIMONY OF DEE TOPOL, PRESIDENT, THE TRAVELERS FOUNDATION

Ms. TOPOL. Mr. Chairman, members of the Committee, I am Dee Topol. I am the president of The Travelers Foundation. I don't have to describe The Travelers Co. to you. It is a corporation located in New York City. Up until the first of this year, we were known as Primerica and the Primerica Foundation. But at the beginning of the year we purchased The Travelers Insurance Company in Hartford and have changed the name of the company and the name of the foundation.

Our company has been an advocate for early childhood education and care for quite a long time. We are convinced that it is an essential work force issue, and one that affects not only our employees, but our customers as well. Over the past number of years we have contributed well over $2 million to various aspects of investigation and programs in child care. Some of our executives, primarily our chairman and CEO, Sandy Weill, has played a prominent role in child care activities. He was the Chair of the New York City Early Childhood and Child Care Commission that was appointed by Mayor Dinkins, and currently co-chairs with Stan Lundine, the Lieutenant Governor of New York State, an Early Childhood Investment Fund, which is a statewide organization.

I think you were asked before about loans, and with the new banking regulations that allow loans to child care organizations for CRA credit, the investment fund is investigating that form of support toward child care programs around New York State.

Sandy got his start as the Chairman of the Maryland Employers Advisory Council on Child Care, The Maryland Committee for Children instituted the council which brought together all of the best business minds, as well as people from the public sector and the not-for-profit sector in Maryland to take a look at what was wrong with the delivery of Maryland's child care services, and how they could change it.

The essential elements are that the council got the best minds in the State together representing a broad spectrum of different kinds of people and different interests in the issue. Then they got the best information they could—accurate data so that they could do a long-range strategic planning around the issue. The report that was issued—we have sent copies down—to recommend building of infrastructure within the State of Maryland for early childhood education and care. From that recommendation the Maryland Child Care Resource and Referral Network was developed with funding from both the State and private sources.

The central resource center is connected to regional resource centers which are designed to fit each one of Maryland's licensing regions. They provide extensive service to parents across the board. All kinds of parents are served from those who employ nannies to parents who are looking for child care because they are receiving AFDC and want to go into training and work.

They deliver service to providers and to centers by providing ongoing training, technical support and resources into both centers and to family child care homes. Most importantly, the central resource and referral office is able to collect statewide data. Data collection is a real problem in most places. In New York State, nobody knows anything—that is an overstatement. But you know, you never can get a straight answer about how many——

Chairman WYDEN. Mario Cuomo may call you on that.

Ms. TOPOL. How many underground providers are there in New York City? Well, there are tons of them. There may be 700 registered family day care providers and 5,000 unregistered providers in New York City, nobody knows how many there are.

Of course, Maryland is a much smaller State and the results have been really impressive. One thousand forty-five new family homes have been established, and that alone has brought in a new business revenue to the State of $14.5 million. There have been all together almost 12,500 new spaces created.

Of course you can't just take a process from one State and bring it to another. That never works. But the inclusionary planning process, I think, is an important element here. All of the stakeholders in the child care, early childhood, Head Start community were brought together to do the planning. Once a plan that was developed that met almost everybody's needs, the financing fell into place. I know you probably don't believe that, but that is what really happened. The lessons from Maryland have to do with process and with building infrastructure as well.

In your letter you also asked me to comment about this question of quality and the reports that we heard about this morning. I really do think that some sort of Federal standards are absolutely necessary, and our company have testified about this before.

Ms. TOPOL. It has been well documented that there is real disparity from State to State in the standards from child care that are provided. The disparity is enough that we have actually had employees who were offered jobs in other States. When they have small children or they are worried about their kids, they refuse the promotions, and they really don't want to relocate and——

Chairman WYDEN. Do you have some examples of people who actually made their decision in terms of moving even to another State on a child care question?

Ms. TOPOL. Yes. I could get you the names of them and send them to you. Maybe you could talk to them about it.

[The information may be found in the appendix.]

Ms. TOPOL. People are concerned about their kids, and they are in a place where they have access to pretty good care, and they are afraid to move someplace where it is pretty hard to get it.

We think it is a good idea for the Federal Government to at least have a floor, some basic standards and then give the States incentives to go beyond those standards. Of course you know, the standards are nothing if they are not enforced. That goes without saying.

I put in my statement the example when we first interviewed the Department of Health in New York City about how they were inspecting child care centers, they used to send around the same inspectors that inspected the restaurants. Well, the restaurant in-

spectors were looking for something other than the things child care specialists and people who know the field would look for.

The Department of Health has recently taken on the practice of hiring people who were knowledgeable about early childhood programs and having those people work with the centers and family child care providers to bring them into compliance with the codes with a lot of great success.

Now with all the municipal cutbacks, inspections have been cut back, and it is much harder to assess the quality.

Chairman WYDEN. So they don't even send in the people who inspect the restaurants anymore?

Ms. TOPOL. No.

Chairman WYDEN. The standard is somebody has expertise trying to determine whether meat is tainted, then they should be the ones to inspect child care facilities. Then there is a shortage of meat inspectors, so we don't even have enough of them anymore.

Ms. TOPOL. No. The cutbacks at the department have made it really difficult in the city to live up to its really excellent child care codes which require inspections of family child care homes in order to be licensed.

In addition the regulations were changed and that created an enormous fight about whether or not the regulations should be changed. It was such a silly thing to fight about because nobody is registered anyhow. People are just providing care and even if licensed, it is not inspected. So it is like an endless cycle of not—being able to accomplish anything.

In industry everyone is putting together these quality management and quality controls to make sure that products and services are the best possible things that are coming out. Other social services fields are turning to companies and saying, look, you are doing all this work in total quality management. Maybe you could give us a hand in helping develop some quality management techniques either within the bureaucracy or within the programs.

In New York City, the Early Childhood Leadership Group member representing Peat Marwick went into the Agency for Child Development in New York City to look at their accounting system. If Peat Marwick tells you that your accounting system is overly bureaucratic, very expensive and could be very much simplified, I think it is a very big service to the department and something that they should be acting on. I think a lot of people are willing to help in that way.

Chairman WYDEN. Let me, if I might, just in the interest of time to ask you to summarize any additional key concerns, and we will put your statement in the record.

Ms. TOPOL. I didn't mean to digress that way.

Chairman WYDEN. No, it has been very good. It has been very helpful.

Ms. TOPOL. I think I digressed because—I was sorry that your friend from California left because I wanted to ask him more about that wonderful grandmother that was staying home with her grandchildren because here I schlepped all the way from New York City this morning on the train, and I wondered if maybe I should be feeling a little more guilty about not being home with my five

grandchildren instead of doing what I am doing. Not all of us really want to stay home and take care of kids.

In any event, I can assure you that many of the things that you have already said about the lessons learned from the Family Support Act are true. There is just not enough money in it for child care.

The act doesn't seem to recognize at all that the first step to not being dependent on welfare and toward success in school and being a productive adult is a very positive early childhood experience. The act assumes families can find whatever care they can because the money that is available and the standards that are required don't enable quality care for the children involved.

The investment in the children of people who are going to be helped by the new welfare reform legislation is the most cost-productive part of the legislation, I think.

Chairman WYDEN. Thank you. Well said.

Your mention with respect to grandmothers and assisting with child care, the whole point of this is really to create options for American families and to create choices. That is really the centerpiece of a sensible child care policy.

What I sense from Ms. Bates and I sense from so many families that I talk to is that they don't feel they have any choices. They can't find good quality child care. That is what we are going to try to change, and your testimony has been very helpful. I will have some questions in a moment.

[Ms. Topol's statement may be found in the appendix.]

Chairman WYDEN. Ms. Elliot, welcome. Glad the wisdom of Oregon is on this panel so you can share all the good work you are doing.

TESTIMONY OF JANICE ELLIOT, ADMINISTRATOR, CHILD CARE DIVISION, OREGON EMPLOYMENT DEPARTMENT

Ms. ELLIOT. I decided I am the voice from outside the Beltway and also, apparently, some part of the country where we are not getting buried in winter. If you haven't been to Oregon recently, the camellias are in bloom, and the crocuses are beginning to bloom.

Chairman WYDEN. I am trying to head home this weekend.

Ms. ELLIOT. Representative Wyden, thank you for the opportunity to speak with you today. This has been an exciting morning listening to all the testimony that has gone before me, and what you have heard is ditto for Oregon.

I certainly—I mean, you know your State. You know that we have more small businesses per capita in Oregon than does any State in the country, so this is, clearly, a small business issue for us in terms of our economy and the child care system we are trying to build.

One thing that I wanted to kind of bring forward is just a statistic that I think some folks may not always remember. You talked about this is a $20 billion a year industry in this country. Oregon—we estimate it is a $370 million a year industry and that 90 percent of the funding into the child care system in Oregon comes from the pockets of parents, and that is a very important factor for us to keep in mind as we look at developing solutions.

We have a benchmark in Oregon that no household should pay more than 10 percent of their household income for child care expenses and that ideally our low-income families should, of course, be paying significantly less than that. What we have is a reverse curve, if you will, in that our highest income families are paying in the neighborhood of 4 to 5 percent of their household income for child care and 31 percent of our families are paying more than 10 percent, the lowest income families paying the highest percentage, anywhere from 15 to 30 percent.

So we need to flip that curve, if you will, in terms of addressing that whole issue. But it certainly does speak to the incredible importance and significance of parents as consumers and of the decisionmakers about the care and well-being of their children.

I think Ms. Bates' testimony was very powerful, and I would love to have heard the other parents who were here but appreciate the chance to read what they would have said.

Parents are key in what we are doing, and we have to be working with them. What I want to share with you, though, is what we are doing in Oregon because the bad news you have heard, and the bad news is as true in Oregon as it is true everywhere.

I would like to be the optimist like Olivia Golden. I always see the positive side of where we are going. But I also think the truth is a part of what we have to look at.

One of the things that we are doing in this country, I think, is that we are finally shining a light on some conditions that we have stuck our head in the sand over for a very long time. For the last 20 years the American family has been changing dramatically, and we have been operating as if those changes have not happened, and we are finally beginning to focus on it.

So the good news is we are looking at it. The bad news is we don't like what we see. But there is also some good news, and I think some of the things we are doing in Oregon may, hopefully, help with your road map.

One of the things is that we have built a seamless system, as Olivia Golden talked about, where our families, our low-income families move through the child care system. Those who have the good fortune to access it move through it without having to change providers because some time or another they have moved from one Federal eligibility standard to another.

But it is a seamless system put together with chewing gum and baling wire. It has been at incredible expense to the State system and the State agency, and it is not one that can be extended without significant overhaul in terms of regulations and how we approach doing that.

We do not regulate family child care in Oregon. We are one of the States where all of the unknowns are out there.

Our legislature last session did pass a law requiring registration of family day care providers, which is a tiny baby step in beginning to establish the floor that you have heard talked about in terms of the issue of regulation. We have all of the very same workload concerns and demands on our regulatory system that you have heard from other States.

I see that Oregon is one of the States listed in the Inspector General report, and I haven't seen the report on Oregon, so I am looking forward to seeing it. I don't know if I will like what I see.

We have at least begun a baby step in that direction. We have a child care resource and referral system such as Ms Topol talked about that is the backbone of our child care system. It provides consumer information to our parents to assist them in moving their way through this maze of the child care system that we have in this country. They are providing valuable service to parents and to providers and to communities.

But the piece that I want to talk about most specifically, that I am most excited about—and, indeed, Maryland is working with us in this direction, but I found that not very many other States have moved in that way—is this whole issue of the information we need to make good decisions.

What we have done in Oregon is begin a process in which we have agreed upon five key questions that we believe policymakers have to have in order to be able to make good decisions both about what kind of a child care system we are going to build and how we are going to use our resources most effectively to do it because, as you know, the resource question is on the table for the States as it is for the Federal Government.

The five questions we are working on is: How much child care do we need in Oregon? How much child care do we have in Oregon? What are the gaps between those two questions? Most particularly, what are the gaps in terms of either infant care or school-age care or rural areas versus more urban areas or after-hours care such as you heard from the parent this morning?

So that the gaps question is a little more extensive than just what are the gaps, how much does it cost and how good is it. Those questions are much easier to ask than they are to answer, but we have made some significant headway in being able to answer those questions.

First and foremost, we can answer them on a State level in our State in a way that we cannot answer on a Federal level, and we need to address the data issues on a Federal level in order to be able to move forward.

But the other piece that is equally important is that we are endeavoring to answer those questions on the county level and, ideally, in some areas to be able to answer on the community level as well because child care is a local phenomenon. Families live and work in the community. They live in one community, and they work in another. If we look at a macro, overall attempt to deal with this child care question, we will not make policies that meet the needs of child care—of families consuming child care.

So, as Olivia Golden said, the deplorable center that has the conditions that we are all so upset about may be the only one that is within the approximately 5-mile radius that families travel to consume care.

We talk about the transportation problems. It doesn't matter if we have the best facility imaginable at the most affordable rates and it is 10 miles away in the opposite direction from where a family has to go to work. Our child care system has to respond to fami-

lies, and we have got to have that kind of information on a local level.

The way we are doing this, interestingly enough, is, first of all, we are using census data. We are using existing data sources that we can draw upon. But what we have found is that there is no reliable source of data on an ongoing basis that allows us to benchmark our progress and to really look at what it is that we are doing that answers these kinds of questions.

So what we have done is we have built on a household survey that is done biennially by our Department of Economic Development and the State Economist in order to get household data that really speaks to how families consume care, what kind of care they consume, and is giving us some opportunities to get at some of the kinds of things that you have heard around here today.

The other thing we do is we use data from our child care resource and referral system where they have their finger on the pulse of the supply, what is going on, what is the nature of the supply, what really is happening in that whole issue.

What we found as we move this dialog into discussion on the Federal level and on the national level is that, first, we thought maybe this data was available just because we were off in the northwest and didn't kind of keep in the loop of things that we didn't know about it. What we found out that, really, that it is not available.

There is an initiative currently being led by the National Association of Child Care Resource and Referral Agencies and Families and Work Institute that is now being broadened to work with our partners in the Federal Government to really look at what we can do on that. That is an example, in my opinion, of something that can be done that would be tremendously helpful that is in the whole scope of things not very expensive. It would move us forward a long way.

I wanted to give you an example about why that is so important, and I want to bring it down to the community level.

We have in Oregon, as in many places around this country, real impetus going around, education reform, and our schools are becoming partners with the community in ways that they had never partnered before, around the well-being of our children and working toward the national readiness-to-learn goals. But they are not particularly well-informed about the child care system, either, and the child care system works very differently from our education system in terms of funding streams.

Child care is market driven. Education has not been customer service or market driven in its orientation. We had a school district that, in the light of participatory decisionmaking and commitment to children, got on the bandwagon and decided that they were going to provide child care on-site in their schools, in their elementary schools in the neighborhood. Wonderful idea, great intentions, people were very enthusiastic about it.

The problem is what they did is, they took what we refer to sometimes as the tenderloin of the child care market, which was the preschoolers. It was the children essentially 2½ or 3 years old until 4 to 4½, who where the ratios are actually the most amenable in terms of being able to provide staffing.

It is the kind of child care that most people think of when they think of child care. They see the toddlers out in the park in the neat little cart with the nice attendant and they are cute and they are fun and they walk and they have been toilet trained and all those kinds of things.

Well, what they did is they took that out of the market, and in the process, they closed down two child care centers in the community. Child care centers that had been serving in addition to the preschool market, they had been serving the infant/toddler market which we have a dramatic shortage, and also the before- and after-school care market.

They thoroughly disrupted the family's ability to get the kind of care they need that meets their family's needs, they resulted, if you will, in a zero sum gain in the supply of care in the community and did a whole lot of not very good public relations, if you will, in terms of the school district and the community. Had that school district worked with the kind of data that we now have, they would have been able to make a true partnership decision rather than a disruptive one.

I have just a few recommendations to kind of throw at you. One of them clearly is the issue around national data, and related to that is for us to get some consensus on what we want—what decisions we want to make, what kind of information do we need to make those decisions, and then move to really collecting data on a few measures that relate to those key outcomes.

As any researcher can tell you, we have an unlimited universe of questions that would be interesting to ask, but we cannot afford to ask all of them all the time. The broader range of questions can be relegated to the very important role of evaluation research or, key outcome kind of things that you can do with sampling and whatever, but not to try to do it across the whole system.

The infrastructure which you have heard over and over today, the capacity that the Child Care and Development Block Grant has brought to us in the State of Oregon and around this country in terms of being able to address the infrastructure issues of quality- and supply-building and capacity-developing and technical assistance is essential. I was delighted to hear from Olivia Golden about the proposed increase in the Child Care and Development Block Grant.

As Congress looks, however, at consolidation, I would like to add a few points just to keep in mind, because I get uneasy about words like "overhaul," and I think you sensed that from Olivia Golden, because, overhaul sometimes implies upsetting the apple cart and we don't keep the essence of what is important.

Clearly, consistent regulations and avoiding the gaps and all those things from one program to another are tremendously important and need to be looked at, and the support for the infrastructure and looking at this in a holistic way rather than the fragmented approach is important, the quality issues that you have heard brought before you today.

But I think it is very important for us to remember that if we consolidate too broadly, and I am, frankly, speaking directly from my concerns about Penny-Kasich as it was before you in the last session, that when you consolidate too broadly, you lose the capac-

ity to then create the focus that we want to in terms of setting policy.

We have benchmarks in Oregon around the quality of life, the quality of our people and the quality of our environment, because what we have said is if we are going to get where we want to by the year—by the 21st Century, by the beginning 21st Century, we have to make some hard choices and do some targeting of resources. Some of the fragmentation comes out of attempts to target, so I really encourage that we keep—that we build some consensus around what is the target that we want and then consolidate in order to move us toward that target. But not some wholesale approach that says, well, this has something to do with children and family and kids and we want to make it easier, so let's roll it into one big ball, because that in some ways, really, I have real concerns about that. That is my comments for now.

[Ms. Elliott's statement may be found in the appendix.]

Chairman WYDEN. Very well said. The notion of consolidation, of course, has come to be implied, that somehow you are going to cut back on resources and this is going to mean you are not going to have the tools to deal with this monumental set of additional people coming. I don't think the two are incompatible. I want to set a good target.

I thought, for example, the suggestion, maybe the Community Development Block Grant Program ought to be the kind of standard so that you could ensure that programs didn't have to meet umpteen different sets of rules. Ultimately, it comes down to a question of your priorities.

Budgets aren't just a bunch of cold figures on a sheet of paper. They represent your hopes and your aspirations, and I think what you heard some of my colleagues saying today is that we think kids are a priority, and we are going to work with you to try to set a reasonable set of targets out there and then try to figure out administratively the best way to achieve them. Frankly, make kids a higher priority than they have been in the past.

When Ms. Topol says we are sending meat inspectors there in parts of New York to check on programs for kids, it doesn't suggest to me that we have achieved the kind of priority that I think most Americans customarily think is appropriate for their kids. They are our most precious resource. You have said it very well.

Mr. Clifford, Mr. Gormley, they may throw us out of the room before too long. If I can ask you to try to take about 5 minutes, you all both have important things to say and we welcome you.

TESTIMONY OF RICHARD CLIFFORD, DIRECTOR, DIVISION OF CHILD DEVELOPMENT, NORTH CAROLINA DEPARTMENT OF HUMAN RESOURCES

Mr. CLIFFORD. Thank you.

I am Dick Clifford from the State of North Carolina. I am director of the Division of Child Development in the Department of Human Resources. I should say that this is a new agency that the Governor set up just under a year ago to begin to address some of the issues that were presented in the Inspector General's report, and while that is not really what I am here to talk about today,

I would be glad to answer some questions about that if you have them, if we have time to do that.

I am really here to talk about a major new initiative that the State of North Carolina has taken to address the issues of the need for child care, early education, and family support for young children and their families in North Carolina. Let me take a couple of minutes to set the stage.

North Carolina is and has for a long time been a State that relies very heavily on the female labor force. We have traditionally been one of the top two or three States in the country in terms of the proportion of women who have preschool-age children and are in the work force, with about two-thirds of our women who have preschool-aged children currently working.

We also are a State that has a relatively low industrial wage rate, which means that we have a lot of low-income women with young children in the work force. We know that families that don't have affordable and accessible child care have difficulty getting to work and staying in the work force. We have a lot of examples, particularly in some of our rural areas, where women come in and out of the work force because they have trouble with child care.

We subsidize about 100,000 different children currently using a variety of different sources, both State and Federal funds. About 55,000 during any 1 month of the year, but 100,000 different children over the course of the year. In spite of that, we still have about 14,000 children who are eligible for subsidies—who are in low-income working families—that we are not currently able to subsidize.

We know that children who don't have high-quality child care or some other form of childhood services—including parents who stay home with them—don't come to school ready for school, and they are not prepared for their life in general. We know they don't do very well long term.

My own opinion is that in large measure we can trace the wave of crime that is rampant in our country today, particularly among teenagers, to the poor services that we provided to them during their early years of life. In fact, I am speaking here for Robin Britt, Secretary of Human Resources, who is back in North Carolina dealing with crime issues.

During the 1993 session, Governor Jim Hunt proposed a major new initiative in North Carolina that initially was known as the Governor's Early Childhood Initiative and has come to be known as Smart Start. The general assembly embraced this idea and in one of the rare instances, fully funded the total request of the Governor for this new initiative.

The new initiative is designed to provide young children of North Carolina—children under the age of 5 and their families—access to affordable, high-quality early childhood education and family support services. It is a child care program, but it also has some other major components to it.

In total, we expect when the program is fully implemented that it will bring between a quarter and a third of a billion dollars a year into providing improved services for children and families. The Governor decided that we would do this in a few communities well first, then gradually expand this program to all communities in

North Carolina. So we asked for enough money for 12 percent of the population, 12 of our 100 counties, and we are using those counties this year as pilot counties to initiate this program. We will be going back to the short session of our General Assembly in May asking for an additional 12 counties to come in, and we have a phase-in plan over 5 years to bring all 100 counties into this plan.

Smart Start works by a combination of statewide and local efforts. I am going to briefly talk about these statewide efforts. First is a component on immunizations that in some ways parallels the Clinton plan to try to immunize all children.

We decided not to wait to see if the Federal plan was implemented. We funded it last spring and it is underway currently for North Carolina.

Second, we reduced the child staff ratios. We have had among the worst regulations of child care in the country. We have been gradually moving to improve those, and we made a big step in the spring of last year by improving the child staff ratios for infants, toddlers, and 2-year-olds in North Carolina. That went into effect actually the 1st of January this year.

Third, we have also provided expanded child care tax credits. North Carolina has a parallel system to the Federal child care tax program. We expanded that this year by increasing the percentage of credit that was available to low- and moderate-income families. Fourth, we have provided a statewide program to try to improve the training of people who work in child care by putting a million dollars a year into a program that provides tuition subsidies and other payments to people who are in the child care system, to enable them to get into the community college system and university system to improve their training. These tuition subsidies are tied to a commitment on the part of the employers of those child care workers to improve their salaries based on the improved training that they have. So we have tried to deal with the compensation and training piece at the same time.

The heart of the Smart Start Program is at the local level. This program is in most ways a bottom-up program. The State has set some broad goals for improved services for children and families, but these must be implemented at the local level, and the local communities determine what the program should look like in their community. We are looking at outcomes, what are the changes in the lives of children and their families, at the State level, and allowing a huge amount of flexibility at the local level in terms of how to accomplish those outcomes.

I mentioned that eventually the funds in this will be somewhere around a quarter to a third of a billion dollars a year. This year we have a little over $20 million for the 12 pilot sites. We have funds for next year at about double that, and we will ask for about another $30 million in the short session to add a new wave of counties. This will get us a long way to starting the full program.

The vast majority of this money goes to services that are determined by the local community. In each county in the pilot communities we have established a group called Local Partnerships for Children that bring together the business community, the nonprofit, and for-profit service providers, families, and Government agencies at the local level. This partnership, which is a private

nonprofit corporation established at the local level, actually helps to coordinate services and resources across all of the agencies in and out of Government at the local level and directs the use of money that we provide from the State under the Smart Start.

They tell us how the money should be spent at the local level, and we enter into contracts and service agreements to channel that money down to deliver these services. This is "not government as usual," in North Carolina.

We were used to telling local communities what services they are to provide. Here we are saying, here are the outcomes we want you to achieve and we are going to measure those outcomes, but we are going to let you decide how to do it at the local level. It really is a different ball game for us. It is exciting, it is also sometimes frustrating. It is hard. It is a real shift for people at the local level to change from trying to implement something they are told to implement, to saying this is what we want to implement and then doing it. It ties in very closely to welfare reform.

I thought your comments, Ms. Topol, were right along the lines I wanted to make. In many ways, the Family Support Act, child care, which is by far the largest program—it is about half the child care subsidy program in North Carolina, about $80 million this year, a third State, two-thirds Federal—restricts our ability to improve the regulations in North Carolina.

It, in fact, tells us that we cannot put any additional regulations on the programs from which we are paying to provide child care than those for which we don't provide any. While we would like to improve regulation of child care in North Carolina, this sends a message to us and to locals that the Federal Government is telling us to lay off of regulation. So we would strongly argue—as I did here before committees at that time—that we want you to allow us to regulate care more effectively.

The Family Support Act didn't do that, and I would encourage you to change that portion of FSA. We need for this to truly be a two-generational approach that helps the adults and the families get into the work force and stay there, but that also provides an amount of funds for child care subsidies that enable us to purchase high-quality care. Currently, we are trying to do that with Smart Start.

Chairman WYDEN. Can I interrupt you to ask you a question, because I think you are making a very important point?

Mr. CLIFFORD. Certainly.

Chairman WYDEN. You are making a suggestion with regard to a change in the Family Support Act, because if you got the kind of change you are arguing for, you would, in effect, be able to have tougher standards.

Mr. CLIFFORD. Yes, absolutely.

Chairman WYDEN. That makes a great deal of sense. At the same time, I understood you to say, and I admire you for your candor, that your State has felt that you have had some very weak child care standards in the past, and so in areas where the Federal Government did liberate you a bit, you actually put State dollars into toughening child care standards; is that correct?

Mr. CLIFFORD. Absolutely, we did. We also put State funds into improving our regulation itself. We have added 10 new regulatory

staff members this year and are proposing additional staff for next year as well. At the beginning of this year, we had only about 40 regulators for some 6,600 child care facilities in the State.

Chairman WYDEN. Let me tell you why that is so important if this is really going to be a partnership between the Federal Government and the State government and the private sector. In effect, if the Federal Government is willing to make changes in a statute like you suggest, and it certainly makes a lot of sense to me, there has got to be some willingness on the part of States to come back and show they are serious about being advocates for the kids. It seems to me what you all have done under Governor Hunt's leadership, even before that 1988 statute got changed, you all went to your legislature when you didn't have many resources and said, look, I am going to be telling U.S. Congress and people like Ron Wyden, we don't have very tough standards. Let's put some dollars where we have the authority to toughen up the standards. That strikes me as a pretty solid commitment. Glad to hear things are changing.

Mr. CLIFFORD. In closing, I would say that while we have been among the lower States in terms of regulation, we have made tremendous strides in North Carolina. Working Woman Magazine is just coming out with a story that will recognize North Carolina as the State which has made the most improvement in this area. So while we still have a long way to go, we have made a serious and concerted effort to improve the situation.

Chairman WYDEN. I am going to tell the New York Times, since they singled you out this morning, about the kinds of changes that you are making now because I know what State government is like, I hear it at home. Ms. Elliot has been talking about it. They aren't holding any rallies in the State of Oregon for higher taxes and more revenue, so if you are going to put dollars at least in an area outside that 1988 statute where you have the authority, that strikes me as the kind of commitment we want to see. Let me ask you one additional thing.

If you all could offer us your draft changes to that 1988 statute, I would bird-dog that myself, OK, because——

Mr. CLIFFORD. We will do that.

Chairman WYDEN. That really seems to me, again, this is a two-part effort, if a State like yours wants to get tougher, like you say, and is being held back by the 1988 statute, it is our job to follow it up. If you could offer us any draft changes that would address what you are doing, I will try to figure out through the legislative committees how it might work.

Mr. CLIFFORD. I would be glad to do that.

Chairman WYDEN. Excellent testimony.

[Mr. Clifford's statement may be found in the appendix.]

Ms. TOPOL. Excuse me, Mr. Wyden, may I be excused? It is not the last train back to New York, but it is the absolute one that I must take in order to get to the station I have to go to.

Chairman WYDEN. Go and go safely. You all have been great. We may want to ask you some questions for the record. We are particularly interested in the point that you made about how there might be incentives for the private sector to get involved. Go and just be safe.

Ms. TOPOL. Thank you.

I am sorry, and I apologize to you for not being able to stay.

Mr. GORMLEY. That is fine. I will send you my testimony.

Ms. TOPOL. I have it.

TESTIMONY OF WILLIAM GORMLEY, PROFESSOR, GEORGETOWN UNIVERSITY GRADUATE PUBLIC POLICY PROGRAM

Chairman WYDEN. Mr. Gormley, welcome.

If you could take 5 minutes or so, and I really appreciate your patience as well.

Mr. GORMLEY. Well, unlike Ms. Topol, I am in no hurry to leave because when I leave I will have to go shovel the driveway. I am happy to stay here as long as you want me.

We have heard rather different testimony this morning, it seems to me we heard some truly horrible testimony on conditions in States that is deplorable, which suggests that the States have failed in one of their most basic missions. On the other hand, we have heard on this panel of some stirring efforts at the State level to improve quality; so how do we reconcile these two conflicting images?

Well, one reason why the States have been unable to promote quality as much as they would like, I think, is that quality often collides with other important goals, such as availability and affordability. If your regulatory standards or your enforcement practices become too stringent, there is the very real danger that you will drive some providers out of business, and there is the very real danger that other providers will raise their rates. So, what is required at the State level is a balancing act and good judgment.

State governments have not gone as far as they could, it seems to me, in improving quality, and let me suggest some missed opportunities that perhaps States could be focusing on: First, all regulations are not created equal. My research on child care shows, for example, that some regulations adversely affect the supply of child care facilities, while others do not. You can ratchet up your training requirements significantly without paying a price in terms of reduced availability, so those are the kinds of regulations, it seems to me, that the States should pay more attention to.

Second, all providers do not require equal vigilance. As in any other industry there are good apples, there are bad apples, and a lot of apples in between. Yet, in most States, good facilities are inspected about as often as the bad facilities. Out of a misplaced sense of fairness, States require that all facilities be inspected so many times a year, regardless of performance. Few States have followed the lead of Vermont and Texas which explicitly link the number of inspections to the individual facility's record of performance.

Third, all offenses do not require identical punishments. Violations of State regulations vary dramatically. Unfortunately, inspectors typically do not have a range of penalties at their disposal as rich and diverse as the offenses that they confront when they are out in the field.

Fourth, State regulations in most States exempt some categories of providers. The problem is not just that of illegal child care, which you have noted a couple times today. The problem is that of

legally exempt child care, especially family day care, but also to some extent, group day care centers which are exempt or partially exempt in some States, particularly church-based centers.

Fifth, State regulatory systems aimed at improving child care quality coexist rather awkwardly with local regulatory systems that promote other goals. A State regulatory system that looks quite reasonable when viewed alone may look downright oppressive when you combine it with a series of local inspections, a series of local permit requirements, and a series of local fees. That is especially true of family day care providers. Family day care providers, in my view, should be thought of not as small businesses but as micro businesses. They are extremely fragile, very vulnerable and require somewhat different standards and norms.

The Federal Government's role in child care is primarily to provide subsidies to parents and providers, and we have heard about those programs quite a bit today. Naturally, the question arises as to where the Federal Government ought to be doing more to promote quality and, in particular, whether there ought to be Federal regulations.

In my view, there are good reasons to grant the States considerable discretion in regulating child care facilities so that initiatives such as those we have heard from Oregon and North Carolina can be pursued with vigor and imagination. Before imposing new quality standards on the States, the Federal Government, in my judgment, should first reconsider Federal rules that make it difficult for States to promote quality when, in fact, they wish to do so.

Under the Child Care and Development Block Grant, for example, States cannot restrict parental choice to licensed providers, they cannot reimburse accredited providers at higher rates, they cannot reimburse licensed providers at significantly higher rates, they cannot fully reimburse providers whose rates fall at the high end of the scale. In each case, the consequence is to tie the hands of those States that are in fact strongly committed to child care quality.

I am not in favor of eliminating all these rules. There is, for example, much to be said for parental choice in child care subsidy programs. In practice, though, parental choice is something of a sham. In all too many jurisdictions, parents are making choices with little information, little advice, and little time in which to make a thorough search for appropriate care.

Thus, when a parent opts for informal care through a relative or friend, it is often because no one has taken the time to explain the developmental advantages of other forms of care. When a single mother sends a child to a center with a dubious track record, it is often because no one has told her of that center's licensing history.

What seems to be happening at the grassroots level in implementing the IV–A Programs and the block grant is that local caseworkers and other intermediaries are confusing silence with fairness. It is not unfair to tell a JOBS client that a particular facility has received a total of eight substantiated complaints in 3 years.

It is not unfair to tell a transitional child care client that regulated providers are usually better trained than unregulated providers. It is not unfair to tell a block grant recipient that the staff

turnover rate at a particular facility has been relatively high, yet that information is not being disseminated on a routine basis.

Instead, many parents receiving Federal child care subsidies get nothing better than the advice James Earl Jones offers on TV: Look it up in the Yellow Pages.

In short, money without information is not really choice, and if the Federal Government really believes in parental choice, it should insist that parents receive detailed information about child care options in their community and the track records of different facilities.

Other countries have done a much better job than we have in coping with these problems. It seems to me we could do much better.

[Mr. Gormley's statement may be found in the appendix.]

Chairman WYDEN. All of you have been excellent.

I am curious. I sit on the Health Committee, health care is really the area I have tried to specialize in. There is considerable interest and considerable attention now being devoted to developing report cards on health care plans, health maintenance organizations and others. Would it be possible to start efforts, certainly voluntary efforts, to issue report cards on child care programs? Is that a laudable goal?

Mr. GORMLEY. In a way, we already have those report cards and they are sitting in State licensing offices. It seems to me that those report cards, if you will, ought to be more widely disseminated to parents.

Ms. ELLIOT. It is also possible just through the accreditation process. We have struggled with trying to get a benchmark on quality in Oregon, and we don't really have a quality benchmark yet. That is part of our dream, but the one we have is the number after credited facilities, because accredited facilities speak to those programs that go beyond the minimal standards that a regulatory system should establish, and I don't think it is at all impossible.

We have some communities who have talked about establishing their own system of, if you will, benchmarking within the community, and it fits with what you were talking about in North Carolina, that when communities take responsibility, they could establish those kinds of systems, and then people could say, in Portland, Oregon, I am accredited by this particular facility and accredited means I have met those standards.

Chairman WYDEN. I gather that some States have already begun this kind of effort. Texas is one I hear, they use these resource and referral agencies to try to get out this kind of information.

Mr. GORMLEY. I can tell you a little bit about the Texas situation. Texas has gone much further than other States in differentiating among providers based on their performance. If a provider has a good track record in Texas, based on inspection reports, they are going to be inspected less often than a provider with a bad record, so in effect in Texas the facilities are being rated.

What is not being done is that that information is not being systematically shared with the people who are advising parents receiving Federal child care funds.

Chairman WYDEN. It is not getting to parents?

Mr. GORMLEY. That is right.

Ms. ELLIOT. Chairman Wyden, though, an important piece of that speaks to the ability to have rate systems and compensation reflect that, because where you run into, if you will, resistance from the provider community legitimately is essentially saying, what difference does it make? If I am accredited, if I get high scores, whatever that is, the bottom line is you are still going to pay me at the 75th percentile of the market rate, and some of these improvements cost money. If I am going to retain my staff, I need to compensate them at higher rates, so we have to have the capacity to the extent that we influence the market as a public sector, we have to have the capacity to manipulate the market, if you will, in ways that achieve the social goals that we are wanting to use that money for.

Chairman WYDEN. Well, I think there is a question of how you can use the markets, and I think this area is growing so fast and there have been lots of changes. Clearly, this is not something that ought to be run from Washington, DC. I have repeatedly said I don't want to see any Federal child care commissary. I want to see the Federal Government working in a more activist way with the States and the private sector in a partnership, but nobody is talking about running this thing from the hip pocket of the Federal bureaucracy, and I am hopeful that we can start generating good, objective information through report cards, and the like, get it out to the parents, as Mr. Gormley talks about, and then use it to jump start a real market in child care where the wages go up, and the like, as parents see good quality, and they say, shoot, I am willing to put some extra dollars behind good quality child care.

I mean, it is like the decision Mr. Clifford addresses with his legislature. His legislature said, let's make a candid judgment here. We have some real problems with our child care standards, let's put some money into an investment.

Mr. CLIFFORD. I would like to respond both to your comment and to Ms. Elliot's comment. That is that at the heart of this issue, as one of the earlier panel members said, is the issue around how do we pay for this. The fact is that most families with young children are at the beginning of their careers, they are at a point in their own lives where their family income is at the lowest point it will ever be, and yet we have child care costs that are a tremendous drain on their family income.

Chairman WYDEN. Lots of people over 10 percent of their income goes to child care.

Mr. CLIFFORD. The typical figure in the country is 10 percent. For low-income families, the typical frame is 25 percent—that is what they pay for housing. They are often getting low-quality child care. The fact is the real cost that we ought to be paying for child care is about twice what it is now. It is simply a fact of life that these families cannot pay it, and in order for us to get a quality child care system in our country, we are going to have to invest very substantial amounts of tax dollars.

I see no other way to do it. We cannot provide high-quality care at the cost we are paying for care now, and so we are going to have to find some way to bring other resources in. I think that is mostly Government resources. Business also has a role to play in this, but I think it is unreasonable for us to expect that IBM and AT&T,

when they are cutting their work forces like they are doing now, are going to be able to invest their own business dollars.

This is really a society issue. The fact that these children need support is true for us in the same way that education is.

Chairman WYDEN. You make an excellent point, one that I share. The fact of the matter is, and Ms. Elliot alluded to it in her testimony. In our home State, when you are done counting the timber companies and a couple OF utility companies and maybe Tektronix, Inc., the high-technology firm, you are done counting the big businesses in the State of Oregon. That is it, the end.

We are a small business State, and I know there are many other States like it. The vast majority of businesses for many of us are small, and they simply aren't going to be able to do it.

Mr. CLIFFORD. This is true for even the big businesses. IBM is a good example. They put a lot of money into child care, but it is all in resource and referral. That is what they could afford to do, and it is a reasonable expectation for them. They are not able to subsidize the cost of care for families in IBM. They can't afford to do it.

Chairman WYDEN. We have been at it for almost 4 hours, and I think unless you all have anything further, I may have the subcommittee address a couple of questions to each you in writing, but you all have been very patient.

[The information may be found in the appendix.]

Chairman WYDEN. Unless you have anything you would like to add further, we will excuse you at this time.

The subcommittee is adjourned.

[Whereupon, at 1:25 p.m., the subcommittee was adjourned, subject to the call of the chair.]

APPENDIX

OPENING STATEMENT
REP. RON WYDEN

WHO'S MINDING THE BABY?
QUALITY AND AVAILABILITY PROBLEMS IN CHILD CARE

BEFORE THE SUBCOMMITTEE ON REGULATION, BUSINESS OPPORTUNITIES AND TECHNOLOGY

February 11, 1994

Today, the Subcommittee on Regulation, Business Opportunities and Technology will examine problems relating to the quality and availability of child care. This is a concern not only for countless thousands of working families around the country but also for thousands of small business employers who are dependent on these workers.

In an era marked by growing numbers of single-parent households, and of families in which both parents must hold down jobs to make ends meet, child care is fundamental to the smooth function of our economic system. It is a $20 billion per year industry, one of the fastest growing in the small business sector, and it is heavily subsidized by the federal taxpayer.

Additionally, child care will be a key to efforts in this session of Congress to move heads of millions of families off welfare, and into self-supporting employment.

Finding a safe, clean, nurturing environment for the children of families on welfare must be part of the bargain.

> A place must be found for kids who are part of the approximately 4.5 million American households on federal Aid to Families with Dependent Children.
>
> These families may represent an additional 9 million children who will require part-time, or full-time care.

Our investigation has found that America's child care system does not work for many working families. It is overburdened and under-financed. It is fragmented, and creaking toward breakdown. Approximately 12 million children already are in part- or full-time day care, <u>only about 15 percent of them in homes or centers licensed by any governmental body</u>.

> Many kids are getting care well below quality standards recommended as bare minimum. Parents have too few choices, and public regulation often fails to protect children in day care against poor facilities, shoddy operators and even the plainly criminal.

Any welfare reform program which is likely to put all or most of the adults heading AFDC families out of the house, and into jobs, could create a tidal wave of kids seeking day care, and result in the collapse of an already faltering system.

This is certainly not an argument against reforming welfare. The President is right to zero in on welfare reform as a priority, and I wish him to succeed. But the fact is a prerequisite to successful welfare reform must be child care reform.

Today, we will hear testimony from Ms. Toni Majoy-Young of Columbia, Maryland, a mother who has had the worst of all possible experiences...the death of a child in day care. This was a place which, from all outward appearances, was safe, secure and well run.

The murder trial of that caregiver begins in April.

Ms. Majoy-Young's testimony underscores testimony we expect, today, from both the Inspector General of the Department of Health and Human Services, and the U.S. General Accounting Office, pointing out significant and growing problems involving deteriorating care, deteriorating facilities and deteriorating oversight involving child care nationwide.

The Chair points out that the information gathered by these two federal investigative agencies is doubly troubling in that it pertains primarily to <u>licensed facilities</u>...centers that supposedly come under certification and inspection by the states.

By far, most day care is unlicensed, and <u>therefore receives no scrutiny whatsoever, other than problems which may be perceived by the parents, themselves</u>.

We also will hear testimony from Ms. Carolyn Bates, a Baltimore mother who has struggled persistently to leave public assistance for self-supporting employment for most of her adult life...only to be brought back to the welfare rolls because of problems finding, and maintaining, decent quality care for her three children.

Ms. Bates' testimony will be given context by Nancy Ebb of the Children's Defense Fund, says that "help with child care is an essential part of ensuring that many poor parents are able to pursue the education, training and employment they need to leave the welfare rolls, and to keep jobs that help them avoid welfare in the first place."

And we will hear the statement of Ms. Stevier Ann Thompson, a career federal employee who also has dealt with a number of demons in securing care for her children.

All of these parents have a different story to tell. But the central theme is the same: our families, our businesses and our society shoulder a tremendous burden and pay a substantial price for child care that is inadequate, sometimes unsafe, and far too difficult to find no matter what your income level, demographic group or particular family situation.

The words of Barbara Reisman of the Child Care Action Campaign seem to sum it up:

> "Ultimately, we need a system that bridges the gap between what parents can pay and what quality costs, and which assures that quality care is accessible to all families that need it.
>
> "Otherwise, we risk failing at welfare reform and several other national goals, such as school readiness and creating a competitive, world-class workforce."

In my own home state of Oregon, federal child care subsidy programs ... primarily Child Care and Development Block Grant funds ... for child care for the working poor are significantly over-subscribed. As in many other states, Oregonians who need this help in order to work have to wait, and a long queue is getting longer. Janis Elliot, a state official testifying today, told subcommittee staff that Oregon learned a staggering lesson when social service offices actually made public the availability of this program.

The result was more than a $10 million budget short fall for these programs.

And it's the same story all across our country:

-- In Alabama, 8,000 to 9,000 "at-risk" children are on waiting lists for subsidized day care.

-- Florida has a waiting line some 25,000 children long.

-- Illinois has 30,000 on its list.

-- Some 15,000 families wait for subsidized child care services in New Jersey.

States including New Mexico and Ohio have simply stopped taking names, and have closed their programs to new applicants.

Providing decent care at an affordable price to everyone who needs it will be a tremendous undertaking. This is one area that the federal government and the states need to seek out, identify and recruit the expertise and resources of small business.

Business coalitions already are banding together and developing programs like the one we shall hear, today, from the Travelers Foundation. These business groups understand that their own interests coincide with society's interest in developing and supporting decent child care services for all of our families.

Clearly there are several ways for the federal government to be a better partner in working with states, local governments, the private sector, and most importantly parents.

The federal government should encourage that all states enact legislation requiring that a criminal background check be done on those individuals who work with our most precious resource...children.

The federal government should work with business organizations to promote the use of federal Dependent Care Assistance Plan, which according to Nation's Business Magazine is an excellent approach that provides "a payroll deduction that allows employees to use pre-tax dollars (up to $5,000 per year) for child care expenses."

The Department of Health and Human Services should collect data and disseminate information to states on the most successful child care programs in operation around the country.

It is clear that public-private partnerships for quality child care are the way to travel for a variety of reasons, and we appreciate our witnesses coming today to give us some good roadmaps in this regard.

TESTIMONY

OF

JUNE GIBBS BROWN

INSPECTOR GENERAL

DEPARTMENT OF HEALTH AND HUMAN SERVICES

BEFORE THE

HOUSE COMMITTEE ON SMALL BUSINESS

SUBCOMMITTEE ON

REGULATIONS, BUSINESS OPPORTUNITIES, AND TECHNOLOGY

FEBRUARY 11, 1994

GOOD MORNING, MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE. I AM JUNE GIBBS BROWN, INSPECTOR GENERAL FOR THE DEPARTMENT OF HEALTH AND HUMAN SERVICES. ACCOMPANYING ME IS JOHN A. FERRIS, ASSISTANT INSPECTOR GENERAL FOR ADMINISTRATIONS OF CHILDREN, FAMILY, AND AGING AUDITS. WE ARE PLEASED TO BE HERE TODAY TO DISCUSS OUR REVIEWS OF CHILD CARE CENTERS' COMPLIANCE WITH HEALTH AND SAFETY STANDARDS. ALTHOUGH I HAVE A LONG HISTORY WITHIN THE INSPECTOR GENERAL COMMUNITY, THIS IS MY FIRST APPEARANCE BEFORE THIS SUBCOMMITTEE SINCE JOINING THE DEPARTMENT OF HEALTH AND HUMAN SERVICES.

INTRODUCTION

THE OFFICE OF INSPECTOR GENERAL (OIG), CREATED IN 1976, IS CHARGED WITH PROTECTING THE INTEGRITY OF DEPARTMENTAL PROGRAMS AS WELL AS PROMOTING THEIR ECONOMY, EFFICIENCY AND EFFECTIVENESS. OUR AUDIT, INVESTIGATIONS AND INSPECTION ACTIVITIES ARE WELL

KNOWN TO THIS SUBCOMMITTEE. LAST YEAR, THE OIG GENERATED SAVINGS, FINES, RESTITUTIONS, PENALTIES AND RECEIVABLES OF OVER $61 FOR EACH FEDERAL DOLLAR INVESTED IN ITS OPERATION. IN ADDITION, THE OIG OBTAINED 1,406 SUCCESSFUL PROSECUTIONS AND IMPOSED 956 ADMINISTRATIVE SANCTIONS (IN THE FORM OF PROGRAM EXCLUSIONS AND CIVIL MONETARY PENALTIES).

OVERVIEW

THE CONGRESS AND THE DEPARTMENT SUPPORT CHILD CARE AND CHILD DEVELOPMENT SERVICES FOR LOW INCOME PRE-SCHOOL CHILDREN THROUGH SEVERAL PROGRAMS. THE FIVE MAJOR PROGRAMS ARE THE CHILD CARE DEVELOPMENT BLOCK GRANTS; FOSTER CARE; HEAD START; THE SOCIAL SERVICE BLOCK GRANT; AND THE AID TO FAMILIES WITH DEPENDENT CHILDREN CHILD CARE PROGRAM. OUR RECENT AUDIT OF CHILD CARE CENTERS' COMPLIANCE WITH HEALTH AND SAFETY RULES FOCUSED ON FACILITIES THAT WERE PRINCIPALLY FUNDED BY THREE OF THESE PROGRAMS:

- THE FOSTER CARE PROGRAM, AUTHORIZED UNDER TITLE IV-E OF THE SOCIAL SECURITY ACT, WHICH WILL FURNISH ABOUT $2.6 BILLION IN FY 1994 TO STATES TO PROVIDE CARE FOR CHILDREN WHO NEED PLACEMENT OUTSIDE OF THEIR HOMES, EITHER IN A FOSTER FAMILY HOME OR AN INSTITUTION.

- THE HEAD START PROGRAM, AUTHORIZED UNDER SECTION 639 OF THE HEAD START ACT, WHICH IS FUNDED AT $3.2 BILLION IN FY 1994 TO SUPPORT COMPREHENSIVE SERVICES FOR CHILDREN AND FAMILIES. THROUGH A NATIONWIDE NETWORK OF 1,355 GRANTEES SERVING 721,000 CHILDREN, THE HEAD START PROGRAM PROVIDES EDUCATIONAL, HEALTH, SOCIAL AND OTHER SERVICES TO LOW-INCOME CHILDREN.

- THE SOCIAL SERVICE BLOCK GRANT, AUTHORIZED UNDER TITLE XX OF THE SOCIAL SECURITY ACT, WHICH WILL PROVIDE $2.8 BILLION IN FY 1994 TO STATES TO SUPPORT A VARIETY OF

PROGRAMS THAT STRENGTHEN FAMILIES AND REDUCE DEPENDENCY.

OIG REPORTS

CHILD CARE ISSUES ARE OF PARAMOUNT CONCERN TO THIS ADMINISTRATION AND TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES. SECRETARY SHALALA AND VARIOUS MEMBERS OF CONGRESS HAVE UNDERSCORED THE NEED FOR QUALITY CHILD CARE AND FOR SAFE AND SANITARY FACILITIES FREE FROM RISK OF HARM TO ACCOMMODATE OUR GREATEST RESOURCE - CHILDREN.

MR. CHAIRMAN, THE AVAILABILITY OF SAFE CHILD CARE FACILITIES IS ONE OF THE CORNERSTONES OF THIS NATION'S EFFORTS TO REDUCE WELFARE DEPENDENCY AND PROMOTE SOCIAL AND ECONOMIC INDEPENDENCE THROUGH WELFARE REFORM. PARENTS MUST FEEL COMFORTABLE ENTRUSTING THEIR CHILDREN TO A CHILD CARE PROVIDER WHOSE FACILITIES ARE

CLEAN AND SAFE, WHOSE HEALTH RECORDS ARE UP-TO-DATE, AND WHOSE STAFF IS WELL-SCREENED AND WELL-TRAINED.

WE IN THE OIG DEVOTE SIGNIFICANT RESOURCES TO AUDITS AND EVALUATIONS OF THE DEPARTMENT'S PROGRAMS FOR CHILDREN AND FAMILIES. IN 1991, THE OIG CONDUCTED A PRELIMINARY SURVEY OF COMPLIANCE WITH HEALTH AND SAFETY STANDARDS IN CHILD CARE FACILITIES IN TWO STATES. THE SIGNIFICANCE OF OUR RESULTS PROMPTED US TO EXPAND OUR REVIEW TO OTHER STATES.

OUR NATIONAL REVIEW EXAMINED A VARIETY OF CHILD CARE FACILITIES FOR THE LIMITED PURPOSE OF EVALUATING THEIR ADHERENCE TO HEALTH AND SAFETY STANDARDS. THE FACILITIES WERE LARGE AND SMALL, URBAN AND RURAL, NONPROFIT AND NONRESIDENTIAL, SERVING A CROSS-SECTION OF CHILDREN. WE RANDOMLY SELECTED FOR REVIEW THE STATES OF SOUTH CAROLINA, WISCONSIN, NEVADA AND MISSOURI. NORTH CAROLINA, OUR PILOT LOCATION, WAS JUDGMENTALLY SELECTED. FACILITIES WERE

SELECTED USING A JUDGMENTAL SAMPLE. WE WORKED COOPERATIVELY WITH THE STATES (INCLUDING NORTH CAROLINA) TO SELECT THOSE FACILITIES THAT HAD A HISTORY OF SERIOUS DEFICIENCIES. ACCORDINGLY, WE ARE UNABLE TO PROJECT OUR OBSERVATIONS STATE OR NATIONWIDE.

WE HAVE COMPLETED AND ISSUED REPORTS TO THE FIRST FOUR STATES AND ARE FINALIZING OUR WORK IN MISSOURI. THEREFORE, OUR DISCUSSION TODAY IS LIMITED TO RESULTS IN THESE FOUR STATES. YOUR LETTER ASKED WHETHER WE PREVIOUSLY EXAMINED NATIVE AMERICAN FACILITIES. THE ANSWER IS YES; IN 1992 WE EXAMINED VARIOUS NATIVE AMERICAN HEAD START FACILITIES AND FOUND MANY OF THE SAME CONCERNS IDENTIFIED IN OUR STATE REVIEWS. WE WOULD BE HAPPY TO PROVIDE THE COMMITTEE COPIES OF THESE REPORTS. OUR REPORTS COMPLEMENT A RECENT STUDY UNDERTAKEN BY THE GENERAL ACCOUNTING OFFICE (GAO) REPORT ENTITLED, "CHILD CARE: STATES FACE DIFFICULTIES ENFORCING STANDARDS AND PROMOTING QUALITY." OUR REVIEWS WERE COORDINATED WITH GAO AND EXPANDED UPON THEIR EVALUATION OF STATE PROCEDURES AND STANDARDS.

ALL THE FACILITIES WE REVIEWED RECEIVE SOME TYPE OF FEDERAL FUNDING. ALTHOUGH THE FEDERAL GOVERNMENT HAS ESTABLISHED SPECIFIC PROGRAM PERFORMANCE STANDARDS FOR HEAD START AND ENCOURAGES STANDARDS FOR OTHER CHILD CARE RELATED PROGRAMS, THE RESPONSIBILITY FOR ASSURING QUALITY OF CARE RESTS MAINLY WITH STATE AND LOCAL GOVERNMENTS. STATES ATTEMPT TO ASSURE THE QUALITY OF CARE BY REGULATING PROVIDERS, ESTABLISHING STANDARDS THAT REGULATED PROVIDERS MUST MEET, AND MONITORING FOR COMPLIANCE. STATES GENERALLY PROVIDE THE FEDERAL GOVERNMENT ASSURANCE THROUGH THEIR STATE PLAN PROCESS THAT FACILITIES ARE IN COMPLIANCE WITH HEALTH AND SAFETY STANDARDS. INDIVIDUAL HEAD START GRANTEES PROVIDE ASSURANCE THAT THEY ARE IN COMPLIANCE WITH THE ADMINISTRATION FOR CHILDREN AND FAMILIES' PERFORMANCE STANDARDS THAT ARE CONTAINED IN DEPARTMENTAL REGULATIONS.

ACCOMPANIED AND ASSISTED BY STATE, COUNTY OR CITY INSPECTORS, WE PERFORMED ON-SITE UNANNOUNCED INSPECTIONS AT 134 CHILD CARE FACILITIES. THIS CONSISTED OF 74 CHILD DAY CARE FACILITIES, 54

FOSTER CARE INSTITUTIONS AND 6 HEAD START CENTERS. THE FACILITIES HAD A TOTAL LICENSED CAPACITY TO CARE FOR 6,614 CHILDREN. ALTHOUGH ACF HAS PERFORMANCE STANDARDS TO MEASURE COMPLIANCE IN THE HEAD START PROGRAM, WE USED THE INDIVIDUAL STATES' HEALTH AND SAFETY INSPECTION STANDARDS TO MEASURE COMPLIANCE AT ALL FACILITIES REVIEWED.

RESULTS OF REVIEWS

ALTHOUGH THE STATES WE VISITED ESTABLISHED HEALTH AND SAFETY STANDARDS AND CONDUCTED PERIODIC INSPECTIONS, MANY CHILD CARE FACILITIES CONTINUED TO OPERATE WITH A RANGE OF DEFICIENCIES. IN OUR FOUR COMPLETED STATE REVIEWS, ONLY 7 FACILITIES WERE IN COMPLIANCE WITH ALL OF THE STATE STANDARDS. AT 127 OF THE 134 FACILITIES WE NOTED 1,358 DEFICIENCIES, RANGING FROM WHAT WE BELIEVED TO BE INSTANCES OF MINOR NONCOMPLIANCE TO MAJOR HEALTH RISKS. OVERALL, OUR ANALYSIS SHOWS THAT 75% OF THE FACILITIES HAD 6 OR MORE DEFICIENCIES; OF THESE 40% ACCOUNTED FOR MORE THAN

11 DEFICIENCIES AT EACH SITE. I WOULD LIKE TO REFER YOU TO OUR CHART ON DEFICIENCIES FOUND IN EACH CATEGORY BY STATE.

A SIGNIFICANT PROBLEM WE ENCOUNTERED WAS THAT STATE REQUIREMENTS GENERALLY FAILED TO DISTINGUISH BETWEEN MORE MINOR VIOLATIONS AND THOSE THAT MIGHT PRESENT AN IMMINENT DANGER TO CHILDREN. FOR EXAMPLE, ONLY ONE STATE, NORTH CAROLINA, HAD A SYSTEM FOR RANKING THE SERIOUSNESS OF DEFICIENCIES. ALSO, WE FOUND AN INADEQUATE NUMBER OF STATE INSPECTORS AS WELL AS AN UNACCEPTABLE INFREQUENCY IN INSPECTIONS OF FACILITIES. THIS WAS ILLUSTRATED BY OUR OBSERVATION THAT THE ANNUAL WORKLOADS FOR CHILD CARE INSPECTORS ARE MUCH TOO LARGE. FOR EXAMPLE, IN ONE STATE, WE FOUND THAT 41 INSPECTORS HAD TO MONITOR 6,565 DAY CARE AND HEAD START FACILITIES, OR ABOUT 160 FACILITIES PER INSPECTOR. A STATE OFFICIAL ADVISED THAT IN ORDER TO PROVIDE QUALITY MONITORING, TRAINING AND TECHNICAL ASSISTANCE THE ANNUAL CASELOAD SHOULD BE AROUND 25 TO 30 PER INSPECTOR.

IN EACH STATE VISITED, WE CONSISTENTLY IDENTIFIED THE SAME TYPES OF DEFICIENCIES. AS ILLUSTRATED IN OUR CHARTS, WE GROUPED THE FACILITY DEFICIENCIES IDENTIFIED INTO SEVEN CATEGORIES:

- FIRE CODE (87 DEFICIENCIES, 7% OF THE TOTAL)
- PLAYGROUND CONDITIONS (79 DEFICIENCIES, 6% OF THE TOTAL)
- TOXIC CHEMICALS (68 DEFICIENCIES, 5% OF THE TOTAL)
- OTHER UNSAFE CONDITIONS (397 DEFICIENCIES, 29% OF THE TOTAL)
- UNSANITARY CONDITIONS (344 DEFICIENCIES, 25% OF THE TOTAL)
- EMPLOYEE RECORDS (208 DEFICIENCIES, 15% OF THE TOTAL)
- CHILDREN RECORDS (175 DEFICIENCIES, 13% OF THE TOTAL)

IN SOME CASES, WE FOUND THAT THE SAME DEFICIENCIES HAD BEEN IDENTIFIED BY STATE INSPECTORS OVER A PERIOD OF TIME. FOR EXAMPLE, IN ONE STATE, WE FOUND THAT 27 FACILITIES HAVE HAD A TOTAL OF 110 REPEATED HEALTH AND SAFETY DEFICIENCIES CITED IN STATE INSPECTION REPORTS IN EACH YEAR BETWEEN 1986 AND 1992.

THEY WERE IDENTIFIED AGAIN IN OUR 1993 SITE VISITS AND FELL INTO THE CATEGORIES DESCRIBED ABOVE.

I WOULD LIKE TO NOW SHARE A FEW EXAMPLES OF THE TYPES OF HEALTH AND SAFETY HAZARDS WE FOUND THAT PLACE CHILDREN AT RISK. OUR CHART SHOWS THE GENERAL BREAKDOWN OF THESE VIOLATIONS BY STATE.

- UNDER THE FIRE CODE CATEGORY, WE FOUND DEFICIENCIES, INCLUDING BARS ON THE WINDOWS, EXPOSED ELECTRICAL WIRES, BLOCKED OR LOCKED FIRE EXITS, AND LACK OF OR INOPERABLE SMOKE DETECTORS.

- WHEN WE LOOKED AT PLAYGROUNDS, WE FOUND HAZARDS SUCH AS: UNFENCED PLAY AREAS; UNANCHORED PLAY EQUIPMENT; BROKEN GLASS IN THE PLAY AREA, AND BOARDS WITH PROTRUDING NAILS.

- WE WERE ALSO CONCERNED WITH ADEQUACY OF CONTROLS OVER TOXIC CHEMICALS. AMONG THE DEFICIENCIES WE FOUND WERE INSTANCES IN WHICH CHILDREN HAD ACCESS TO: AMMONIATED WAX STRIPPER; TURPENTINE; BUG SPRAY; ANTIFREEZE; PAINTS AND BLEACH; MEDICATIONS AND MEDICATIONS IMPROPERLY LABELED; AND ALCOHOLIC BEVERAGES.

- THERE WERE NUMEROUS OTHER INSTANCES OF UNSAFE CONDITIONS WHICH INCLUDED: ACCESS TO INOPERABLE CLOTHES DRYER/FREEZER APPLIANCES; SHARP KNIVES IN CHILDREN'S AREA; EXTREME HOT WATER OR NO HOT WATER AT ALL, AND POORLY SUPPORTED AIR CONDITIONERS AND TELEVISIONS.

- WITH REGARD TO UNSANITARY CONDITIONS, WE NOTED NUMEROUS DEFICIENCIES. EXAMPLES INCLUDE: INOPERABLE TOILETS; RAW SEWAGE IN PLAY AREAS; ROACH INFESTATION, AND UNCHANGED BED LINENS.

ASIDE FROM THE PROBLEMS WE DISCOVERED WITH PHYSICAL CONDITIONS, WE ALSO IDENTIFIED OPPORTUNITIES FOR IMPROVING THE EMPLOYEE RECORD KEEPING. WE FOUND INCOMPLETE OR MISSING ITEMS IN THE EMPLOYEE RECORDS. THE DEFICIENCIES RELATED TO MISSING BACKGROUND CHECKS; HEALTH HISTORIES NOT CURRENT OR NOT IN THE FILES; LACK OF DOCUMENTATION TO SHOW THAT THE REQUIRED TUBERCULOSIS TESTS WERE PERFORMED, AND EVIDENCE THAT FIRST AID AND OTHER REQUIRED TRAINING WAS SUCCESSFULLY COMPLETED. CHILDREN'S RECORDS WERE MISSING IMPORTANT DATA ON IMMUNIZATION AND MEDICAL HISTORIES, PHYSICIAN/HOSPITAL INFORMATION AND EMERGENCY CONTACTS, NAMES OF PERSONS AUTHORIZED TO PICK UP THE CHILDREN, AND AUTHORIZATIONS FOR MEDICAL TREATMENTS.

BACKGROUND CHECKS

BASED ON PRIOR STUDIES OF THE OIG AND CONCERNS EXPRESSED BY OTHER GROUPS RELATING TO THE SAFETY AND WELFARE OF THE CHILDREN, WE REVIEWED AS A SEPARATE ISSUE BACKGROUND CHECKS ON EMPLOYEES

WORKING IN CHILD CARE CENTERS. THE FOCUS OF THE REVIEW WAS TO DETERMINE WHETHER BACKGROUND CHECKS WERE OBTAINED TO IDENTIFY PRIOR CRIMINAL ACTIVITY BY CHILD CARE EMPLOYEES. CLEARLY, THIS DATA IS IMPORTANT FOR DETERMINING THE FITNESS AND CHARACTER OF CHILD CARE EMPLOYEES.

WE FOUND THAT REQUIREMENTS FOR BACKGROUND CHECKS VARIED SIGNIFICANTLY AMONG THE 5 STATES REVIEWED. ONLY NEVADA HAS PROCEDURES WHICH REQUIRE BACKGROUND INQUIRIES TO INCLUDE A NATIONAL CHECK WITH THE FEDERAL BUREAU OF INVESTIGATION (FBI). TO FURTHER PURSUE THIS ISSUE, WE GATHERED APPROXIMATELY 2,500 NAMES AND SOCIAL SECURITY NUMBERS (SSNs) OF INDIVIDUALS EMPLOYED BY THE CHILD CARE PROVIDERS WE VISITED. WE THEN STATISTICALLY SELECTED 500 OF THE NAMES AND SSNs FOR COMPUTER MATCHING WITH THE DEPARTMENT OF JUSTICE'S NATIONAL CRIME INFORMATION CENTER. APPROXIMATELY 61 INDIVIDUALS (RAW, UNCONFIRMED "HITS") WERE GENERATED FROM THE STATISTICAL SAMPLE. THE 61 INDIVIDUALS INCLUDED IN THE RAW HITS OF THE COMPUTER MATCH HAD BEEN ARRESTED

FOR THE ALLEGED COMMISSION OF OVER 700 CRIMES. OVER 200 (28 PERCENT) WERE CRIMES AGAINST PEOPLE (VS PROPERTY CRIMES). THE 200 PLUS CRIMES COVER OFFENSES INVOLVING CONTROLLED SUBSTANCES AND DRUG PARAPHERNALIA (31 INDIVIDUALS, 81 ARRESTS); PROSTITUTION (12 INDIVIDUALS, 81 ARRESTS); LEWDNESS (6 INDIVIDUALS, 17 ARRESTS); AND CHILD-RELATED CRIMES (3 INDIVIDUALS, 4 ARRESTS). THE SAME INDIVIDUAL MAY HAVE BEEN CHARGED WITH MORE THAN ONE CRIME, THEREFORE THE INDIVIDUAL ARREST TOTALS ARE A DUPLICATIVE COUNT. WE ARE OBLIGATED BY THE AGREEMENTS WE MADE WITH THE FBI TO PROTECT THE IDENTITY OF INDIVIDUALS IN THIS SAMPLE. HOWEVER, WE PLAN TO SHARE THE STATISTICS WITH THE STATES SO THAT APPROPRIATE ACTION CAN BE TAKEN BY THEM.

BACKGROUND CHECKS OF COURSE WOULD HELP STATES IDENTIFY EMPLOYEES AND PROSPECTIVE EMPLOYEES WHO HAVE BEEN CONVICTED OF A CRIME THAT COULD BEAR UPON THEIR FITNESS TO CARE FOR CHILDREN.

ESTABLISHMENT AND USE BY STATES OF THE NATIONAL "CRIMINAL HISTORY BACKGROUND CHECK SYSTEM," ESTABLISHED BY THE NATIONAL CHILD

PROTECTION ACT OF 1993, IS A STEP IN THE RIGHT DIRECTION. THIS SYSTEM PROVIDES A CENTRAL SOURCE THAT STATES CAN UTILIZE IN THEIR BACKGROUND CHECKS.

RECOMMENDATIONS

IN EACH OF OUR STATE AUDIT REPORTS, WE MADE SPECIFIC RECOMMENDATIONS TO STRENGTHEN THE INSPECTION PROCESSES WITHIN THAT STATE, AND TO IMPROVE COMPLIANCE WITH HEALTH AND SAFETY STANDARDS AT CHILD CARE FACILITIES. FURTHER, WE RECOMMENDED THAT STATES IMPROVE THEIR MONITORING OF FACILITIES; CONDUCT UNANNOUNCED INSPECTIONS; MAKE MORE FREQUENT INSPECTIONS AND USE SANCTIONS WHEN FACILITIES FAIL TO MEET STANDARDS OR CORRECT RECURRING VIOLATIONS. WE ALSO RECOMMENDED THAT COMPREHENSIVE BACKGROUND CHECKS BE PERFORMED FOR ALL CURRENT AND PROSPECTIVE EMPLOYEES.

CONCLUSION

THE STATES AND THE FEDERAL GOVERNMENT WANT TO ENSURE THAT SAFE AND SANITARY CARE IS AVAILABLE TO CHILDREN IN DAY CARE FACILITIES. STATES WE VISITED GENERALLY AGREED WITH OUR OBSERVATIONS AND HAVE SINCE INDICATED THAT NECESSARY IMPROVEMENTS HAVE BEGUN. OUR REPORTS HAVE ALSO BEEN PROVIDED TO THE ACF FOR CONSIDERATION IN IMPROVING CHILD CARE SERVICE PROGRAMS AND FORMULATING WELFARE REFORM.

OUR AUDIT WORK IS CONTINUING. WE PLAN TO PURSUE THE ISSUE OF BACKGROUND CHECKS. WE WILL ALSO PREPARE A SUMMARY REPORT FOR THE DEPARTMENT ON STATES HEALTH AND SAFETY FINDINGS AND RECOMMENDATIONS.

I WOULD BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.

NUMBER OF DEFICIENCIES FOUND IN EACH CATEGORY BY STATE

CATEGORY	NORTH CAROLINA	WISCONSIN	NEVADA	SOUTH CAROLINA	TOTAL
Fire Codes	26	27	31	3	87
Playground Hazards	26	7	23	23	79
Toxic Chemicals	21	5	13	29	68
Other Unsafe Conditions	69	87	143	98	397
Unsanitary Conditions	60	42	129	113	344
Employee Records	5	122	38	43	208
Children Records	7	40	55	73	175
TOTAL DEFICIENCIES	214	330	432	382	1,358

PROVIDER DEFICIENCIES

TOXIC CHEMICALS: (68 DEFICIENCIES)

- UNSECURED WAX STRIPPER, TURPENTINE, BUG SPRAY, ANTIFREEZE, PAINTS, AND BLEACH.
- ACCESS TO MEDICATIONS
- MEDICATIONS IMPROPERLY LABELED
- ALCOHOLIC BEVERAGES

OTHER UNSAFE CONDITIONS: (397 DEFICIENCIES)

- ACCESS TO INOPERABLE CLOTHES DRYER AND FREEZER
- SHARP KNIFE ON CHILDREN'S TABLE
- EXCESSIVELY HOT WATER OR NOT HOT AT ALL
- POORLY SUPPORTED AIR CONDITIONER AND TELEVISION

PROVIDER DEFICIENCIES

FIRE CODE: (87 DEFICIENCIES)

- BARS ON THE WINDOWS
- EXPOSED ELECTRICAL WIRES
- BLOCKED OR LOCKED FIRE EXITS
- LACK OF OR INOPERABLE SMOKE DETECTORS

PLAYGROUND HAZARDS: (79 DEFICIENCIES)

- UNFENCED AREAS
- UNANCHORED PLAY EQUIPMENT
- BROKEN GLASS IN PLAY AREA
- BOARDS WITH PROTRUDING NAILS

PROVIDER DEFICIENCIES

UNSANITARY CONDITIONS: (344 DEFICIENCIES)

- INOPERABLE OR UNFLUSHED TOILETS
- RAW SEWAGE IN PLAY AREAS
- ROACH INFESTATION
- UNCHANGED BED LINENS

PROVIDER DEFICIENCIES

MISSING RECORDS:

- EMPLOYEE: (208 DEFICIENCIES)
  - BACKGROUND CHECKS
  - HEALTH HISTORIES
  - TUBERCULOSIS TEST
  - FIRST AID TRAINING DOCUMENTATION
- CHILDREN: (175 DEFICIENCIES)
  - IMMUNIZATIONS AND MEDICAL HISTORIES
  - PHYSICIAN/HOSPITAL INFORMATION, AND EMERGENCY CONTACTS
  - PERSONS AUTHORIZED TO PICK UP THE CHILDREN
  - AUTHORIZATIONS FOR MEDICAL TREATMENT

TESTIMONY

BEFORE THE SUBCOMMITTEE ON
REGULATION, BUSINESS OPPORTUNITIES, AND TECHNOLOGY
COMMITTEE ON SMALL BUSINESS
UNITED STATES HOUSE OF REPRESENTATIVES

CONCERNING

AVAILABLE CHILD CARE SERVICES
FOR JOBS PARENTS

BY

CAROLYN BATES
BALTIMORE CITY JOBS PARTICIPANT

FEBRUARY 11, 1994

Carolyn Bates

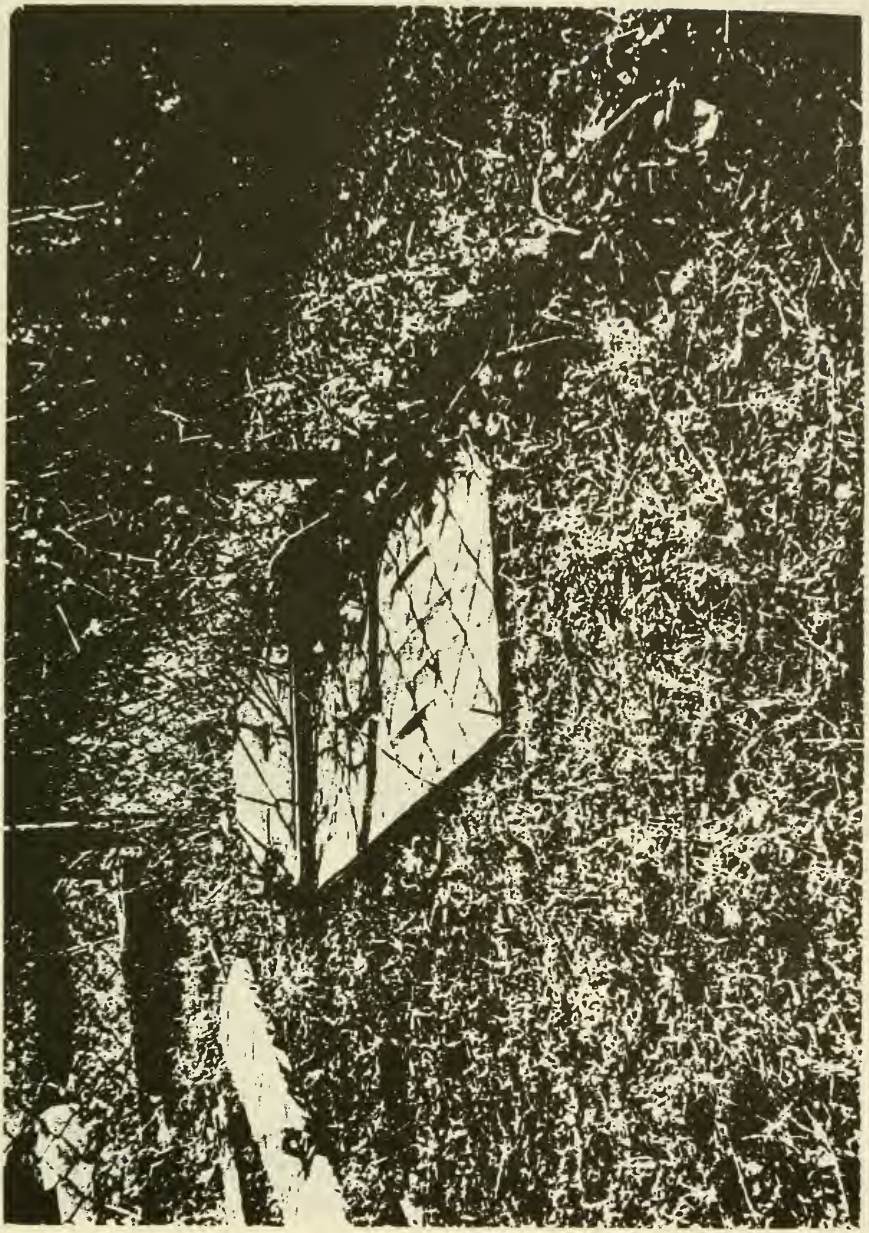
Hello, my name is Carolyn Bates. I am 34 years old and a single parent of three children. My oldest son is 15, my other son is 7 and my daughter is 6. I was born in Baltimore City and graduated from Carroll Park High School in 1979. My son was born right after I graduated from high school. I tried to hold down one security job after another, but I always had to stop work because I couldn't find anyone to watch my son. Friends and relatives would tell me to go ahead and get the job, but after a week or two, they had other things to do, or just did not show up. Employers don't like you to miss a lot of work because of child care, so I ended up having to leave these jobs. Even after my other two children were born, I tried again to find work, but ran into the same problem, child care. I went off of social services about five different times, but always ended up back on welfare because of child care problems.

Several months ago, I went for a regular visit with my worker and she told me about Project Independence (JOBS). She said they would pay for child care and would help me get some skills I needed to stay off of welfare. It sounded good to me, so I signed up for a program called, BEGIN, a 30 day life skills program to help me set my goals and get ready for the job market. I tried to find regulated child care in my area, but my children go to a school where there is limited care for before and after school. I put my name on a waiting list for the only program in my area to offer this care. In the mean time, my nephew is watching my children. He has recently become paralyzed and has difficulty getting around, but I am hoping he can continue watching them until I get the children into a regular child care program.

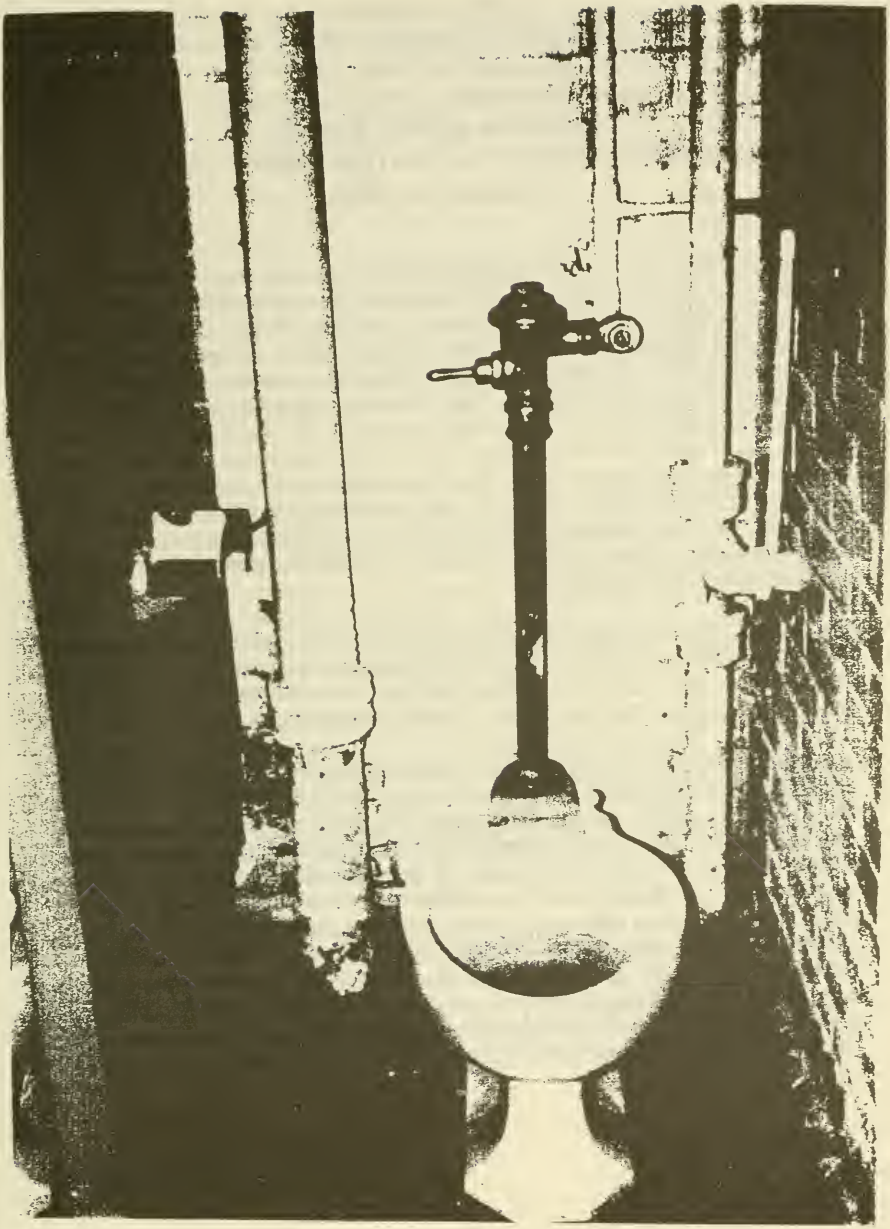
After I finished BEGIN, the Office of Employment Development placed me in a work experience program where I can get hands on skills with computers and other office equipment. I receive a stipend of $30 a week to cover transportation and lunches. Since I have to be at work at 8:30, I have to get my children up and ready for school before I leave the house at 7:00. They walk to school on their own and get breakfast there. I take 3 buses to Glen Burnie, work until 4:30 then take 3 buses to get home by 6:00. My children wish I was still in school since I get home so late.

I really want to move on and help myself. I would like to go back to school and learn more so I can get a real good job. I want to find out what is out there in the world, to know what is going on. My goal is to be independent with me and my kids. I just hope the child care comes through in time. I am working with a child care resource and referral counselor through LOCATE: Child Care. She has helped me learn about what to look for when searching for quality child care and she is still searching for child care openings. There is just not much care in my area.

I think there are many parents who are going through the same situation I am. If parents are going to get off of welfare, then there needs to be good child care programs to meet their needs. I know a lot of parents have school-age children, but have no one to watch them before and after school. In Baltimore City, many parents have trouble with transportation. I would like to see more child care programs offering transportation to and from school. Project Independence is a good program and can help a lot of people, but there needs to be quality child care available and it needs to be affordable for more than one year after getting off of welfare. I don't know of too many people who are able to get off of welfare and pay $100 a week for child



CRYSTAL
CLEAR
ICE
35



Written Testimony
Prepared by North Carolina Human Resources
Secretary C. Robin Britt
United States House of Representatives
Committee on Small Business
Subcommittee on Regulation, Business Opportunities and Technology
February 11, 1994

The state of North Carolina is launching an aggressive new program for preschool children. After just six months of implementation, children and families across the state have already begun to feel the positive impact on their lives. Governor Jim Hunt's comprehensive initiative, called Smart Start, is designed to provide the children of North Carolina and their families with access to affordable, high quality early childhood education and family support services. This initiative is targeted to children under five years old and includes three key components which are designed to assure that children come to school healthy and ready to learn. The three key components authorized under the initiative are the (1) provision of immediate, statewide early childhood services for all children, (2) creation of the North Carolina Partnership for Children, and (3) formation of 12 initial local partnerships for children which will establish and demonstrate innovative systems of early childhood services which meet the unique needs of children and families in those communities.

The passage of this legislation was a result of the Governor's commitment to improving the status of children in our state. We have more parents of preschoolers in the workforce then any other state in the nation, making quality child care a necessity for the economic development of North Carolina. Parents who don't have child care can't work.

The issues facing our state's children and families are complex. When parents look for child care in our state they encounter a wide range of problems. The three most distinct are affordability, quality, and availability, depending upon community resources and their personal incomes. Because affordability is such a major issue we have continued to expand our child care scholarship program. In November of 1993 there were approximately 14,000 children who were eligible for our subsidies who were on the waiting list. Smart Start addresses this problem by encouraging counties to serve the children waiting as well as to expand the eligibility for families so that more working poor will be eligible for assistance. In addition, one of the statewide initiatives is an expansion of our child care tax credit for middle income families. One of the pilot counties has even designed a special public awareness campaign to increase the utilization of the earned income tax credit for families in their county.

Recognizing that North Carolina has had some minimal state standards, and in effort to boost quality, Smart Start legislation improved the child staff ratios for children under two years old. We are also seeing many of the pilot counties deciding to offer financial incentives to child care providers who improve the quality of their programs. This is an excellent example of a layered funding approach, where state and federal subsidy dollars are supplemented by Smart Start dollars in child care programs that raise their standards.

Another way that Smart Start addresses quality is by investing in parents. Every county has included parent education as part of their approach. We believe that quality will be encouraged and sustained with the assistance of community resource and referral agencies. Resource and referral services are a mandatory part of each local county's plan. When Smart Start is fully implemented, parents in every Smart Start county will be able to get good information about the child care resources in their communities by contacting these agencies. We are confident that if parents have good information they will be able to make the best choices for their children. Smart Start is not about telling parents what type of child care arrangement is right for their individual needs, but rather about building a system and resources that will offer parents quality choices.

Quality child care requires well trained and well compensated child care teachers. North Carolina is one of the few states that is taking an aggressive approach to improve teacher training and link increased training with compensation. The TEACH project encourages child care teachers, directors, and family day car home operators to become better trained by providing assistance with the cost of education in community colleges and by subsidizing increased compensation for teachers who receive child care credentials. North Carolina has committed $1 million dollars to this unique effort. We have already enrolled over 700 child care workers all across the state.

Availability of child care is a particular challenge in rural areas of our state. Smart Start pilot counties represent a true cross section of our population and include a number of poor counties and rural counties. These particular county teams have tried a multitude of approaches to increase the number of child care slots in their communities. Grants for expansion and the addition of slots are being solicited in many communities, training for prospective providers, renovation funds, and surveys to identify families who need services are all ways that these counties are approaching this problem.

To supplement these efforts we currently have in place two statewide loan projects that are available to prospective providers. One is funded through the Department of Commerce and the other through the Child Care and Development Block Grant. The Division of Child Development in our Department of Human Resources also provides consultation and training for anyone wanting to start a child care program. We are particularly lucky to have a new initiative started by a private non-profit agency, the

North Carolina Rural Economic Center, that is targeting rural churches in NC and encouraging them to provide child care in their communities. The Rural Center is able to provide technical support as well and written materials that focus on issues related to church sponsored child care. We are proud of these collaborative efforts in our state and believe that they demonstrate the entire state's commitment to young children and families.

Collaboration is one of the unique features of Smart Start. Smart Start requires that counties work together for young children. The past six months have shown that Smart Start is benefiting North Carolina's children, families and communities in ways that go beyond statistics, formulas, or legislation. Smart Start is bringing together families, churches, nonprofits, businesses, and public agencies to determine the needs of their children and how best to meet those needs. We could never have predicted the creative solutions that have been developed by the local teams and the agencies involved in the collaboration. Every county has several examples of layered funding - where Smart Start funding is being used to supplement another funding source. In most cases this additional funding has improved the quality or expanded the scope of services delivered to children and families.

The North Carolina Partnership for Children is an important part of Smart Start. This private nonprofit organization is created to be a full partner in the development of a vision for children in North Carolina. The leadership of this organization comes directly from the business sector, other members include legislators, citizens, and top level state officials. This group has already begun soliciting the support of the business community. The response has been overwhelmingly positive and offers to help come in daily. It is clear that the businesses in North Carolina are wholeheartedly committed to Smart Start.

Another distinct feature of Smart Start is our commitment to reinvent the way we do business as a bureaucracy. While the state understands that it is our responsibility to articulate the overall goals of Smart Start we also recognize that the counties are the most prepared to determine the way those goals are realized in their local communities. We are making a serious effort to accommodate the needs and requests of the local teams - and that means rethinking lots of policies and procedures. In North Carolina we are committed to creating a seamless system for child care for all of our citizens.. The goal of seamlessness will encompass the care we offer to welfare families as well as middle class families. Clearly, as welfare reform is instituted we must use this experience we are having with the pilots as a base for changing our child care delivery system to families on welfare.

It is my hope that this committee will recognize that families need help with child care. The costs of high quality care are beyond the reach of most of the families in our state as

well as many other states. As a community we must be prepared to share some of this expense on behalf of all of our children. Because of the diverse nature of our child care delivery system and the needs of children and families we must create a flexible and family friendly method of providing support. I believe that Smart Start is such an initiative and I am hopeful that we can continue to gather the energy and support that is necessary to successfully achieve our goals for the children and families of North Carolina.

Children's Defense Fund

TESTIMONY BEFORE THE

SUBCOMMITTEE ON REGULATION, BUSINESS OPPORTUNITIES

AND TECHNOLOGY

OF THE COMMITTEE ON SMALL BUSINESS

U.S. HOUSE OF REPRESENTATIVES

ON THE

QUALITY OF CHILD CARE IN THE UNITED STATES

BY

NANCY EBB

SENIOR STAFF ATTORNEY

CHILDREN'S DEFENSE FUND

FRIDAY, FEBRUARY 11, 1994

25 E Street, NW
Washington, DC 20001
Telephone 202 628 8787
Fax 202 662 3510

Good morning. I am Nancy Ebb, a senior staff attorney at the Children's Defense Fund. CDF is a privately funded public charity dedicated to providing a strong and effective voice for children, especially poor and minority children and their families. In addition to my testimony today, I would like to submit for the record two recent studies on child care by the Children's Defense Fund: "Protecting Our Children: State and Federal Policies for Exempt Child Care Settings" and "Child Care Tradeoffs: States Make Painful Choices".

While this hearing's primary focus is on the quality of child care, it is impossible to discuss quality without an understanding of the complex tradeoffs that this nation continues to make between child care quality, affordability, and supply. Over 10 million young children now spend a significant part of each weekday being cared for by someone other than their parents -- reflecting the enormous rise in the number of mothers in the work force over the past two decades. For many mothers, child care is a matter of necessity. Because so few single mothers receive reliable child support payments and because the wages of younger and less educated men have decreased sharply over the past decade, both one-parent and two-parent families often cannot survive without a mother's paycheck.

For parents seeking employment, access to good affordable child care is critical to the child's well-being and the parent's peace of mind. The whole family benefits when children are cared

for in a safe environment that stimulates their social, emotional, and intellectual development.

Head Start and other comprehensive child care programs go even further in helping families. In addition to preschool education, they provide health and nutrition services for children, social services for the whole family, and opportunities for parent involvement and support.

In recent years, the nation has made significant new investments in child care and early childhood development. For families on welfare, the Family Support Act of 1988 took a major step to help meet child care needs. The Act's child care "guarantee" held out the promise that every AFDC parent who needed child care to participate in work, education, or training would be provided with this essential support. It also guaranteed that families that left the rolls due to earned income would be eligible for transitional child care. The Act provided open-ended funding on a federal-state matching basis to guarantee that child care would be provided.

These AFDC child care provisions were followed in 1990 by enactment of two additional child care programs -- the Child Care and Development Block Grant and "At-Risk" Child Care. These programs provide subsidies for low-income families that need child care to work, participate in education and training, and for certain foster care and protective services purposes. The Block Grant is the only federal child care program with a set-aside to help states improve the quality of child care.

Funding for Head Start has also grown over the past six years and has now been singled out for significant new investments by President Clinton. While Head Start offers primarily part-day services, many programs are eager to provide full-day, full-year services to meet the needs of families who work or are in school or training. Head Start, a unique child development program for low income families, is the only major federal program that funds not just child care but also comprehensive services, recognizing that in order to thrive, children must be healthy, well-fed and have their parents actively involved in their learning. The Head Start statute also sets aside funds to help programs bolster quality as well as for staff training.

While the federal legislative and funding accomplishments of the past six years provide important help to families, this nation has still come nowhere near making the necessary commitment to help working parents ensure that their children are safe and well cared for during their key developmental years. It is still far too hard for parents to find affordable and quality care. Many children spend their days in unsafe child care, shifted frequently from one child care arrangement to another, or do not receive the intellectual stimulation they need to get ready for school. For low-income families, publicly assisted child care remains extremely fragmented and uneven in quality; the same child and family can receive either excellent or

terrible care depending solely on which program provides them assistance and which state they live in.

In many states, help in simply paying for child care is a remote possibility for families. In 1993, CDF found that 31 states and the District of Columbia had waiting lists for child care assistance or had stopped accepting new applications. These lists are formidable. Illinois had 30,000 children waiting for child care assistance; Missouri had 5,000. Ohio has accepted no new applications for low-income working families for child care assistance since October, 1992. In California, as well as in many areas in Texas, it takes two or three years for a child care slot to come up.

Child care assistance plays an essential role in ensuring that many poor parents are able to pursue the education, training and employment they need to leave the welfare rolls, and can keep the jobs that help them avoid welfare in the first place. There is a strong relationship between lack of child care and inability to work, or to participate in education and training programs that lead to work:

- A survey of Illinois AFDC recipients commissioned by the Illinois Department of Public Aid found that nine out of 10 parents surveyed preferred working and using child care they liked and trusted to not working and staying at home. Despite their preference for work, child care problems created major barriers: 42 percent of those surveyed reported that child care problems

kept them from working full-time; 39 percent reported that child care problems kept them from going to school; and 39 percent reported that child care problems prevented them from looking for work as much as they desired.

- An estimated 20 percent of those studied in Illinois had returned to welfare within the last year in part due to child care problems. Forty-two percent of teenage parents surveyed reported they had to quit school within the last year because of child care problems.

The scarcity of child care dollars has forced a competition pitting low-income families who are working against low-income families receiving AFDC. For example, 12 states have shifted state child care funds for working families to cover the state match required for federal child care funds for families receiving AFDC. Sixteen states used the Child Care and Development Block Grant, intended to provide help to low-income working families, to pay for welfare-related child care because the Block Grant does not require a state match.

State juggling of scarce child care funds also affects families receiving transitional child care assistance as they leave AFDC. In an increasing number of states, when these newly self-sufficient families use up their one year of guaranteed transitional child care assistance (TCC), they must compete with other low-income non-AFDC families for child care assistance in

order to continue working. If they don't receive help, many have no choice but to return to the welfare rolls because they do not make enough money to bear the full cost of child care. A 1992 study of 48 Minnesota families leaving transitional child care found that one in five returned to AFDC while waiting for further child care assistance. If states ensure continued child care assistance for TCC families, then other working poor families struggling to stay afloat are denied assistance. We need to assure that adequate resources are available to meet the child care needs of both those attempting to leave the welfare rolls and those who are not on welfare but are working and poor.

Even for families who are able to obtain child care, the quality is often not good enough to meet children's developmental and emotional needs. AFDC children can and should benefit from more comprehensive child care and preschool programs. Yet many of them are in informal arrangements that frequently break down, offer little stability for the child, and are the parent's only choice. State resource limitations and federal policy directives tend to lock AFDC children into low-quality care by keeping reimbursement rates low, paying working AFDC parents in ways that limit their child care choices, failing to provide minimum health and safety standards, and failing to adequately monitor or train providers of AFDC child care. Policies for low-income working families are only slightly better. Many states reimburse providers that serve children from these families well below

market rates. Thus, many low income working parents also do not receive enough assistance to purchase quality child care.

- A 1993 CDF study of states' policies for public child care funds for children enrolled in informal unregulated settings found that many states don't require family child care providers to meet even minimal standards regarding training or immunizations and don't require background checks of caretakers for criminal or child abuse records. In many cases, a single provider is responsible for five or more children. This laxity is especially worrisome since some state and federal practices and policies, including low reimbursement rates, steer families toward this informal care.

The lack of decent quality child care is not a problem that is unique to poor families but one that is shared by many American families.

- Although child development experts recommend that each caregiver be responsible for no more than three or four infants, 18 states allow child care centers to operate with five or more infants per adult.
- Even when states have adequate standards, as the recent Inspector General reports indicate, many providers are not meeting them. A study by Mathematica Policy Research found similar results. Only two-thirds of center-based child care programs surveyed by

Mathematica met their state's requirement for child-to-staff ratios for groups in which the youngest child is between one and two years old.

- According to the same study, several key indicators of child care quality are deteriorating. Researchers found that the average number of children per staff member has risen 25 percent since the late 1970s, and the average number of children cared for in a single group has risen by 16 percent.
- While 40 states used Child Care and Development Block Grant funds to increase the number of staff assigned to licensing and monitoring child care programs, the growth in the number of child care facilities leaves far too many inspectors with unmanageable workloads.

Low salaries for caregivers continue to fuel rapid staff turnover, threatening the ability of child care programs to offer consistent services of good quality. The staff turnover rate of 26 percent among child care teachers between 1991 and 1992 was almost three times the annual turnover rate of 9.6 percent reported by all U.S. companies, and well above the 5.6 percent turnover rate reported for public school teachers. Providing a living wage for workers is continuously traded off against raising the costs of child care for parents. As a result, women in these low-wage jobs provide the single largest subsidy to our child care system.

This year, a major study on career development for child care workers documented another reason for the low quality of much child care: inadequate staff training. Despite the well-established correlation between staff training and the quality of child care services, more than two-thirds of the states fail to require preservice training for teachers in licensed or regulated child care centers. Few states require this training for family child care providers. The Block Grant does offer funds for training, and most states have invested in more training opportunities for caregivers. Some states set aside special funds or created incentives to help caregivers qualify for credentials or degrees in early childhood education. However, limited dollars still leave many caregivers with no access to these training resources.

The availability of child care is also a serious problem in many communities. The shortage of infant care is especially acute, compounded by the lack of a paid parental leave policy. Many mothers have to return to work before they have found stable, good quality child care arrangements. Obviously, low-income families have the most difficulty finding accessible, affordable care. They not only have less money but are more likely to have irregular work schedules than more affluent families. The Illinois study found that some low-income areas in the state had little or no licensed care, and many of the AFDC parents they surveyed reported transportation difficulties in getting their children to and from child care.

Can we improve the child care situation in America? Absolutely. With increased investments at the federal, state and local levels as well as from the private sector, American families can be assured that their children are in safe and supportive child care arrangements. However, without a major national commitment to improving the child care options for families, the situation is not likely to change. This year, Congress has several opportunities to improve and expand child care. Welfare reform legislation should be a vehicle for enacting policies to ensure high quality child care for AFDC children as well as expand child care assistance for low income working families. A strong Head Start reauthorization bill will help to guarantee that Head Start provides quality services in the years to come that meet the needs of today's families and communities. By appropriating the Administration's FY 1995 budget request for both Head Start and the Child Care and Development Block Grant, additional funds will be available to provide Head Start's comprehensive service package for more children, immediate assistance to low-income working families, and a modest increase in funds to strengthen child care quality. The Congress took some important steps in the last several years by enacting new federal child care initiatives. Now the task is to build on that foundation.

Thank you for this opportunity to testify.

TESTIMONY TO THE UNITED STATES HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON REGULATION, BUSINESS OPPORTUNITIES, TECHNOLOGY.
FEBRUARY 11, 1994

by: Janis Sabin Elliot
Administrator, Child Care Division
State of Oregon

Congressman Wyden, members of the committee:

Thank you for the opportunity to speak with you today. The Child Care Division is responsible for the certification of over 900 child care centers and family group homes and the registration of approximately 10,000 family day care homes. The Child Care Division is the lead agency for the Child Care and Development Block Grant. We administer over $20 million in state and federal funds through interagency agreements with Adult & Family Services, the agency responsible for Title IV-A programs, the Department of Education, the Health Division and the Commission on Children and Families. It is timely and very appropriate, from our perspective in Oregon, that this sub-committee is focusing on child care in the United States. Child care is indeed a workforce issue: working families today must have access to stable, appropriate care in order to support the household; and, children are the workforce of tomorrow. Their well-being depends upon providing safe, secure and developmentally appropriate environments today.

Child Care is a small business concern; not only because Americans who are employed in small businesses rely on the child care system while they are at work but because the child care industry itself is made up of small businesses. Child care in Oregon is a $370 million a year industry. It has much more in common with the corner grocery store and the home-based family enterprise in our communities than it does with schools, yet that is the institution with which we most often compare it. The industry is mostly funded by parents. In Oregon we estimate that 90% of child care funding comes from parent fees, only 10% comes from state and federal sources. It is greatly influenced by market forces: supply and demand fluctuates according to employment status and participation of parents. Consumer behavior is greatly influenced by perceptions of economic stability. Decision making is decentralized. Providers' entry into the field is governed more by perceptions of the market and personal interest, and parents are often left to work their way through a maze of signs on telephone posts and recommendations of co-workers, neighbors and friends.

Unlike the system of grocery stores, however, this industry is responsible for our most important outcome: the well-being of our children. The President is now bringing forward a proposal to "end welfare as we have known it." In Oregon, as in other states, the movement for education reform has set benchmarks regarding school readiness . Access to stable, appropriate child care is essential to the success of these public policy initiatives. We must make policy decisions that are based on the realities of family life and the child care options that are available to them.

In Oregon, we decided about five years ago that we could not make good policy decisions unless we knew more about the child care market. If government is going to be a responsible, effective player in the market, we need reliable, up to date information about the child care system and we need it on a local level . Child care is a local phenomenon. Patterns of child care usage are shaped by family income, parental workforce status, community culture and values, and available child care resources. As policy makers, we cannot make good decisions without taking these factors into consideration. The data collected has to capture the differences among communities in order for decisions to make sense and make a difference in the lives of families.

Let me tell you what we're doing about this. As the result of a number of state-level [illegible]

significant role to play in helping families access information and support. Given this assumption, the state and communities cannot fulfill that responsibility without some basic information. Our efforts are focused on five essential questions:

How much child care do we need in Oregon?
How much do we have?
How does supply meet demand, especially in such categories as infant/toddler, school age, non-traditional hours, geography etc?
How much does it cost?
How good is it?

These are, we believe, the key questions that policy makers on the federal, state and community level need answered in order to make good policy.

Answering these questions, however, is more difficult than asking them. We found that we did not have the information needed. As a result, we are building a system for estimating child care supply and demand in Oregon. It relies on census data, information gathered from a biennial household survey conducted by the state's economist, and information from our statewide system of child care resource and referral agencies. A publication by Dr. Arthur Emlen regarding this system is attached as an appendix to this testimony. We are pleased with our progress thus far in addressing the first four questions. Our attempts to measure quality are just beginning.

These conversations about data are also taking place on the national level. You might think that our efforts were duplicative of information available from national sources and that we just didn't know how to access it. Thus far, we are finding that this is not the case. The Bureau of Labor Statistics, Census and the Women's Bureau conduct many useful but separate surveys, but there exists no coherent, comprehensive set of data that makes it possible, at a national, state and community level to analyze child care demand in relation to the family composition of households and the labor force participation of parents by family unit. This information is essential to planning for development of child care in our communities and to the efficient use of scarce resources. We recommend that you encourage a joining of forces among federal agencies to create such a capacity.

I am concerned lest we move into the policy discussions regarding welfare reform, workforce and community development and education reform in this country without paying attention to these essential questions and to the information systems necessary to answer them meaningfully on the local level.

I have already said that any successful attempt at welfare reform must address the need of low income families for child care. The reality of the move towards self-sufficiency also involves other essential supports, such as food stamps, housing assistance, transportation, and of course health care. Low income families are even more dependent on child care than other families in our society. In Oregon, the child most likely to be in paid care is the child under age five of an employed single mother with no other adult at home with whom to share child-care responsibilities. This is the parent least able to afford paid care. Eighty two percent of Oregon's single mothers have household incomes of less than $25,000. In many two parent, higher income families, part-time work, shift work and other such familial arrangements make the household less dependent on market care. Low income households, whether single or dual parent, do not have the same options. The quality and reliability of our child care system is even more important to the children in these families.

We have endeavored to develop a truly "seamless" system of child care in Oregon. We have also attempted, to the extent possible, addressed incorporation of other benefits into our seamless

all families in the child care market use. Separate regulations, differing eligibility standards and rules make that extremely difficult. We are proud that eligible families in Oregon can now change their eligibility status without having to change their child care provider. This seamless system, however, is a little like the Wizard of Oz: it looks pretty good from the outside but inside it is constructed with baling wire and chewing gum!

I'd like to share an example of how federal requirements create barriers to our ability to develop effective public policy in Oregon.

Oregon is currently experiencing a lower rate of utilization of Transitional Child Care than expected. This was a surprise because in the past Oregon has had one of the highest rates of utilization of this program, intended to ease the transition from welfare to work. As you have heard, many families are forced to return to welfare when they cannot manage child care and health care costs on the minimum wage jobs that are available to them. During the last three years, Oregon has put a strong emphasis on promoting a "work related lifestyle" and begun work immediately with AFDC recipients to move them into employment. As a result, many families are staying on AFDC for such a short time that they are not eligible for transitional benefits. The state of Oregon is providing child care assistance to these families with unmatched General Fund dollars. The twelve months transitional benefits are also inadequate. The reality of entry into the workforce in today's economy means that parents are not able to achieve employment with health care benefits and an income sufficient to purchase child care within this time period. Families run into a wall as they move toward self-sufficiency. There is an "earnings" gap which means that the parent earning minimum wage is better off than the parent earning $8 per hour. This puts additional financial hardship on the state and provides disincentives to working off welfare.. Our Adult and Family Services Division is requesting a waiver from Health and Human Services to address this, but in the meantime families who really should be served by this program are being served with funds that could otherwise support other families in need. Our federal policy should not require families to go on assistance in order to access child care and health care.

I want to turn now to issues of quality. The Inspector General's Report which was recently released, called attention to the lack of basic health and safety standards in child care settings in this country. Although I have not read the specific reference to Oregon in the Inspector General's report, I am not surprised. In Oregon, many providers are exempt from licensing. Further, the number of licensed facilities has more than doubled in the last ten years, yet the licensing staff has remained constant. Legislation passed in the last session requires that family day care providers register with the state; we expect the registration of an additional 10,000 family providers with no staff to do home visits or follow-up on complaints. The infusion of additional funds for child care subsidies, through the CCDBG and other federal programs, has increased the public interest and concern regarding health and safety standards without commensurate support for the staff to carry out the standards. While we do perform criminal records checks and screen child protective services records on all registered and subsidized providers, I am ambivalent about their usefulness. It is administratively cumbersome and, I am afraid, provides a false sense of security to parents. I am also concerned about the adequacy of our infrastructure to provide parents with the information and support they need to make informed choices for their children. While lower income families are particularly hard put to access stable appropriate care, the dilemma is not limited to poor families. This situation impacts all families in our society.

Child care regulation, while not ensuring quality, is an essential component of our strategies to improve quality. We also cannot improve quality without addressing the issues of staff compensation and affordability. For programs to staff at recommended ratios, to appropriately compensate and reward staff, and reduce turnover, there must be [illegible] are already carrying too great a share [illegible]

household income on child care. The limitations in federal funding programs for child care severely restrict our ability to use federal funds to address this concern.

I have summarized our efforts to get the data we need to make good decisions in Oregon. I want now to discuss the role of the federal government. The federal government needs to work with the states to develop clarity about what information we need, why we need it and how it can be collected. In preparing for this hearing, I met with agency staff responsible for collecting the data required several federal programs. When I asked them what the federal government could do to help states and to improve federal planning, I got an earful. I won't belabor this testimony with all the detail, but their suggestions can be summarized:

• Provide additional resources and allow flexibility to the states in using them to develop information systems. In Oregon the information system is primarily a payment system. It is not designed to collect the kind of client and household data that is needed for good planning and program development. It needs adaptation. When the federal government did offer funding through the availability of 90% matching funds, it wasn't helpful. The funding was made available after the state had already undertaken major systems work to support the vision of a seamless system and it required a federally approved information system. The federal government should focus on what information it needs and provide flexibility to the states on how to collect it. States' information systems have evolved over time, adapting them requires resources and we can't afford to build them from scratch.

It is my impression after attending a session in Washington last December that our current data capacity on the federal level is almost meaningless when it comes to answering the major questions.

• Work with the states to develop data collection systems that are feasible and relevant to all programs for low-income families. Different federal programs ask for the same data in different ways. For example poverty levels are different for different programs. It is also important to implement changes on a realistic time frame, allowing time for states to gather the requested data. I know that Oregon did not provide much data requested in the first CCDBG report because of last minute changes in the form. This speaks to the next recommendation.

• Focus on desired outcomes and set priorities on which data is needed to address those outcomes. It is important to be clear about the purposes of data collection. Some planning and program development functions require large data sets. Other functions, such as monitoring and evaluation or fraud detection can be achieved with smaller samples. In Oregon, some of our information needs are better served by smaller surveys. Information systems are expensive and analyzing data takes time and money. We must be very clear about what we want to know.

As I said earlier, there is a need for some basic information about household's so that our policies can better reflect the realities of family life. The National Association of Child Care Resource and Referral Agencies and Families and Work Institute are currently holding preliminary discussions regarding the development of a nationwide data capacity that can assist the states and the federal government to make sound decisions. While not the only barrier to this effort, funding is a significant one. We have expertise and technology to bring into this area; we need to create the focus and support the effort.

I have discussed primarily the needs for data to guide basic planning and development of the childhood care and education system in this country. I don't want to overlook the importance of developing our capacity to do specialized data collection for evaluation purposes. This kind of data collection does not need to be nationwide or system wide. A relatively small amount of funding could be put out for bid. States could then participate in building a body of knowledge that would

Lest I sound pessimistic about the current situation, let me say that we have made significant progress in Oregon over the past five years. The federal government has been a major contributor to our efforts. Staff from the Administration of Children and Families have been helpful, concerned and responsive. As a result we have done some exciting things. I want to share some examples:

• The Family Support Act provided impetus for a strong system of community planning for child care needs, partnerships with child care resource and referral agencies and a strong focus on goals of family support and self-sufficiency.

• The Child Care Improvement Grants gave us our first look at how low-income families really manage their child care decisions, a better sense of who the providers are who care for children from our families and provided funds for Oregon Child Care Basics. This provider training program, offered free to providers in every area of the state, covers essentials of health and safety and child development. Providers have participated in numbers which exceeded even optimistic predictions, proving that much of what we want to achieve in improving health and safety of children can be done with voluntary approaches.

• The Dependent Care Planning Grant has provided initial support to the development of our statewide child care resource and referral system, leveraging state and local funds so that now 95% of Oregon families have access to the information necessary to help them find and choose appropriate care for their children. Our twelve child care resource and referral agencies are the "backbone" of our emerging child care system in Oregon. This same grant supports an excellent School Age Child Care Project, providing training and technical assistance to communities in the development of school age care programs.

• The Child Care and Development Block Grant has been the catalyst for increased community participation in child care planning and advocacy. The funds we receive under the CCDBG partner with other funding programs to increase comprehensive services to children and families. CCDBG funds paired with Alcohol and Drug Block Grant funds have established treatment programs for substance abusing mothers that incorporate quality child care services to support parents in treatment. As a result, the number of "drug free" babies born in Oregon has increased dramatically. Families are being reunited and parents are returning to productive lifestyles. CCDBG funds complement funds from school districts and community programs to develop comprehensive services which help teen parents complete high school and further education and training. CCDBG funds are combined with other Title IV-A and community funds to provide comprehensive services in partnership with Headstart programs. The process of planning for CCDBG funds has enhanced interagency coordination.

•The Child Care and Development Block Grant, the Title IV-A "At-Risk" Child Care Program and transitional child care planning have resulted in a truly seamless system of child care assistance for our low income working families. As a result, children experience greater continuity of care. Parents have access to a wider range of child care options and providers have benefited from our improved payment system.

As congress considers reauthorization of the CCDBG and other federal childhood care and education programs, it is important to enhance the ability of states to use funds to build and strengthen the infrastructure. While the direct services component of the CCDBG is important, the capacity building provisions of the program included in the administrative provisions and the 25% set-aside must be strengthened. Our efforts to improve regulation, develop training and professional development programs, and improve compensations are limited by the restrictions in the CCDBG regulations. Most of all, the program must be funded at the congressionally approved

ATTACHMENT 1

"Estimating Child-Care Demand for Statewide Planning"

"Estimating Child-Care Demand for Statewide Planning"

by
Arthur C. Emlen and Paul E. Koren
Regional Research Institute for Human Services
Portland State University
P.O.Box 751
Portland, OR 97207

A Paper for the Proceedings of the American Statistical Association
Section on Government Statistics
Annual Meeting, San Francisco, August 9, 1993

Paper is based on

Arthur C. Emlen and Paul E. Koren, Estimating Child Care Needs in Oregon, 1993.
(Salem: Oregon Child Care Resource and Referral Network)
A Report of the Oregon Child Care Resource and Referral Network,
with support from the Oregon Commission for Child Care.

and based on

The 1992 Oregon Population Survey
Oregon Progress Board
and
Bardsley & Neidhart, Inc.

October 13, 1993
Final Draft for the Proceedings

ESTIMATING CHILD-CARE DEMAND FOR STATEWIDE PLANNING

Arthur C. Emlen and Paul E. Koren, Portland State University
Regional Research Institute for Human Services, Box 751, Portland, OR 97207

KEY WORDS: Household survey, Child-care market, Effective demand, Resource and referral.

I. Introduction. To know who buys lottery tickets or to estimate how many children enter the child-care market, the state of Oregon conducts a biennial household telephone survey serving a variety of agency needs for information. This paper presents findings based on the 1992 Oregon Population Survey and discusses applications to a statewide effort to assess child-care needs. The Oregon Progress Board uses the information to track child-care and related economic bench-marks, while Oregon's Commission for Child Care and Child Care Resource and Referral Network require demand estimates for strategic planning.

The paper describes a continuing effort by the State of Oregon to develop better information for statewide planning for the development of child-care resources. We have two principal audiences. One is the network of regional resource and referral agencies whose job is to be the best independent source of information about the child-care market, family needs, and available resources in their geographic areas. Oregon relies heavily on statewide, regional, and county-level planning for child care and other services affecting families. The other audience is the public-policy maker whose understanding of market forces and regional differences can guide decisions on how and where to strengthen these resources for families and children.

Based on a larger report, Estimating Child Care Needs in Oregon, 1993 (Emlen and Koren), this paper describes the approach and methods used to re- analyze data from a biennial statewide household survey and to combine these sample data with population estimates. The full report measured demand, supply, and other key market forces that shape the development of child care in each region of the state. The study does not assess the quality of care nor deal fully with work and family issues but tackles questions about the availability and accessibility of child care in Oregon, and whether it is affordable. The principal contribution of the study is providing a population-based analysis of effective demand for, i.e., current usage of, paid child care and a population-based assesment of the supply of child care listed with resource and referral agencies. For the full report, send $10 for Estimating Child Care Needs in Oregon, 1993 from the Oregon Child Care Resource and Referral Network, 1900 Front Street NE, Salem OR 97303. (503) 375-2644; FAX 503-399-9859.

II. Statement of problem. State officials are anyone who has tried to estimate or guess such numbers by extrapolating from a variety of studies and census figures knows how frustrating it can be. The census is either out of date or not exactly what you need to know. Different reports use different age categories, define child care differently, and use numbers or percents of a different population base. The unit of analysis is the household in some reports and the child in others. Labor-force participation rates may be found for men and women, but not for mothers and fathers according to marital status, which would be more relevant to child-care responsibilities.

Thus, planners find that existing data cannot be compared or linked, and estimates of child-care demand are out of reach. Lacking a Rosetta Stone to decipher the hieroglyphic statistics from different digs, what is needed is one coherent set of data that yields all the variables required for crossing types of child-care arrangements with age of child, by marital status and labor-force participation of parents by household income, and by county or other geographic regions of the state. These are the demand data that go in the denominator. Oregon's child care resource and referral network provides the numerator which is the supply of child care that is known to agencies and accessible for referral purposes. But without both numerator and denominator for regions or for the state as a whole, there can be no percent for evaluating whether the agency's supply of accessible child care is large or small in relation to the population to be served.

III. Analytic approach.

Sources of data. The data for the analysis came from four sources: 1) The 1992 Oregon Population Survey, which was conducted by Bardsley & Neidhart Inc. for the Oregon Progress Board and co-sponsored by the State Economist, Demographic Task Force, Oregon Commission for Child Care, and a number of state agencies. These are the principal data for the study, including: age of child, type of paid care, household income, labor force and marital status of parents.
2) July 1, 1992 population estimates from the Center for Population Research and Census at Portland State University. 3) Detailed child-care patterns used to estimate family day care and unpaid care, from employee surveys conducted by Arthur Emlen & Associates, Inc. in cooperation with the Regional Research Institute for Human Services, Portland State University. 4) Child-care supply statistics compiled from the on-line CareFinder system of the Oregon Child

Sampling. The 1992 Oregon Population Survey was conducted for the Oregon Progress Board by Bardsley & Neidhart, Inc., Laura Neidhart, President. A random digit sample of 3291 households produced at least 400 telephone interviews in each of eight regions of the state regardless of population. Calls were conducted during afternoon and evenings with at least two call backs at varied hours. Each county sample was weighted by population for representative analysis of data for the state as a whole. Of the total sample of households, 27% were households with children under age 13; thus the survey provided us with an unweighted sample of 896 households with children under age 13, with 1582 children under age 13, of whom 556 were under age 5. Weighted samples differed somewhat. The survey sample produced approximately 112 family households and 200 children under age 13 per region. Since this was a study of child care based on numbers of children, we used the Oregon child population from the 1990 United States Census as a more appropriate basis for weighting our sample than the population of all Oregonians, which includes single-person households. This weighting by child population, reduced the need for a correction for sampling bias caused by lack of home-phone ownership which is highest among single-person, non-family households. Although some families also may be priced out of home-phone ownership and hence out of the sample, a comparison of family incomes between our sample and the 1990 US Census shows very little difference, validating the representativeness of the 1992 child-care sample on a key issue. According to the 1990 U.S. Census, 35.5% of Oregon family incomes were less than $25,000; according to the 1992 Oregon Population Survey for families with children under age 13, 32% of Oregon family incomes were less than $25,000, and 35% of families who paid for child care had incomes of less than $25,000. For further evaluation of Oregon Population Survey findings, see ASA Conference paper by Carter and Schafer (1993).

Sampling variability. The standard error ranges that one could expect at the 95% confidence level are as follows, remembering, however, that the child samples contain approximately 1.71 children per household; so the household samples provide a more conservative estimate of possible sampling variation. The sampling variation:

	Percentages Close to:		
	10% 90%	25% 75%	50%
Regions			
Households N=112	5.6%	8.0%	9.3%
Children N=200	4.2%	6.0%	6.9%
Statewide			
Households N=896	2.0%	2.8%	3.3%
Children N=1582	1.5%	2.1%	2.5%

Furthermore, when estimating numbers of children in child care, we are multiplying percentages from the survey sample times population figures, which can have the effect of multiplying sampling and rounding errors by large numbers. A percentage that is off by one percent is off by more than 5000 children out of Oregon's estimated 557,925 children under age 13.

Defining the household in terms of mothers and single fathers; dividing the pie by types of children. We classified households as having a married mother, a single mother, or a single custodial father, and we classified single parents either as living as a lone adult or as with another adult, which is a matter of some importance since it suggests the likelihood of having adult live-in child-care resources. Two files were created: a household file and a children's file in which all children were coded according to the relevant variables of parental status. Since only 5% of the children had single custodial fathers, it was advantageous to calculate the labor-force status of children who were living with either a mother or single father, thus creating the ability in each analysis to estimate the parental status of all Oregon children, either statewide or in any region of the state.

Most of the analyses in the study calculate percentages of children, not of parents. "Parents" and "household" are defined in terms of the mother or, if there is no mother in the household, then a single custodial father. All children live with a mother or a single father. Think of all the children under age 13 as Marionberries, an Oregon favorite, in a pie on which the parents form the crust. If you slice the pie by labor-force participation of the mother or single father, then the labor-force piece is 70% of the crust on top. But that is not how the berries are distributed. Due to the fact that labor-force families are smaller, 64% of the children have a mother or single father in the labor force. In this study, when we slice the pie we usually are counting the berries, because, in estimating child-care demand, the only way to combine percentages from survey samples with population figures was to use child as the unit of analysis. The study includes the population of all children who live in households regardless of whose they are.

Primary paid care versus secondary and multiple arrangements. The statistics on the numbers of children in paid child care are in answer to a question asked for each child in the household as to which kinds of paid care that child had (in-home, other home, center, or activities) and which kind was the primary paid arrangement. Families frequently make multiple arrangements as a family for all their children. Less frequently they make more than one arrangement for each child, and rarely they make multiple paid arrangements for each child. Most secondary arrangements consist of care at home by spouse, a variety of unpaid arrangements, or the children looking

paid care", there is very little overlap or multiple arrangements among types of *paid* care. For in-home, other home, and centers, the primary paid-care arrangement was all the paid care families had.

Estimating demand for family day care and unpaid care. The 1992 survey asked questions about four types of paid child care for each child under age 13: in-home, other home, center, and activities. By asking about paid care in "other homes", the survey did not distinguish care by relatives from care by non-relatives, which is known as family day care. Therefore, for this study it was necessary to rely on independent employee surveys conducted by the authors to partition "other home" care. In the next biennial survey, we hope to ask about all child-care arrangements for each child, unpaid as well as paid, so we can more easily build the complete picture of the child care economy, formal and informal, market and non-market, paid and unpaid, full-time and part-time.

County sample sizes. In most of Oregon's 36 counties, the sample sizes were too small to provide accurate estimates. If one uses regional percents instead and applies them to the county population, inaccurate county estimates can result, because of the variation between counties within a region. We did both to illustrate the problem and so that those familiar with their counties could see the range of estimated demand and judge for themselves how close the two estimates came. In future years, budget permitting, larger samples will improve our ability to estimate county indicators. This is important, because Oregon relies heavily on county-level planning for child care and other services affecting families.

IV. Findings.

The total child-care economy for all Oregon children under age 13 consists of all the ways that families create or arrange child care either without paying for it or by purchasing it in the community. The findings focus on the size of the child-care market of paid care, that is, child care purchased by parents. The following findings describe market forces that drive the nature and extent of paid care. Later, we shall discuss what accounts for the rest of the child-care economy, that is, the unpaid care.

Use of paid care. One-third of the 557,925 Oregon children under age 13 are in care that parents purchase. Two-thirds are not in paid care, because their family composition, part-time employment, staggered shifts, division of labor and shared responsibility, as well as self care by older children, provide alternatives to purchasing care. (See V. Discussion.) Among the major kinds of paid care, nearly twice as many children receive paid care in family homes other than their own

Types of paid care by age of child. At no age does paid care reach 50%, but substantial numbers are in paid care up through age 11, as shown in Figure 1. Paid care is not just a pre-school phenomenon. The most frequent use of center care is for ages 3, 4, and 5; and as this pre-school specialization drops off at age 6, care in other family homes picks up the slack, becoming as frequent at age 6 as at age 2. In-home (own home) care is highest for ages 2 and 9, but is used at most ages. These figures are of the child's primary paid child-care arrangement. If secondary paid care were shown, group activities would increase 15%, but virtually all other paid arrangements are primary.

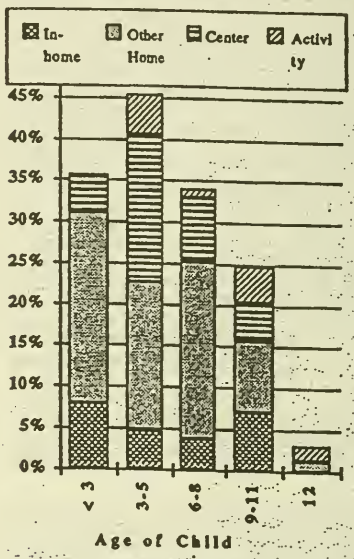


Figure 1. Percent of Children in Paid Care, By Age of Child and Type of Paid Care.

Labor force participation and paid care. Most, but by no means all, of the estimated 182,497 children in paid care have mothers or a single custodial father in the labor force. For 50% of the children that parent is working full time, 29% part-time, and for 3% is unemployed. However, the mothers or single fathers of 18% of the children are not in the labor force. Non-labor-force parents who use paid care may be in school, college, or training programs, or may be users of pre-school or other forms of supplementary care for a variety of reasons other than employment.

Marital status and paid care. When single parents have no other adult living with them in the same household, 50% of their children are in paid care, compared to 26% of the children of single parents who do have another live-in adult and 30% of the children of married couples. Oregon children of married couples make up 71% of those in paid care and 78% of all children under age 13.

Marital and employment status and paid care. Which children are least likely or most likely to be in paid care? As shown in Figure 2, it ranges from 6 % for children under age 5 living with a married mother who is not employed to 87% among children under age 5 living with a lone single mother who is employed. For all Oregon children under age 13, the overall average is 33% in paid care. Lone single mothers who need to be employed have very high rates of paid care despite low household incomes, because they have no other adult at home with whom to share child-care responsibilities. In order to clarify differences, this analysis left out single custodial fathers, as well as "single" mothers who lived with another adult with whom they could share child care. Notice that the effect of the child's age is reversed when mothers are employed. Among children of mothers who are not employed, paid care increases when the children are older. Among children of employed mothers, the younger children are more likely to be in paid care, while the older ones often look after themselves after school.

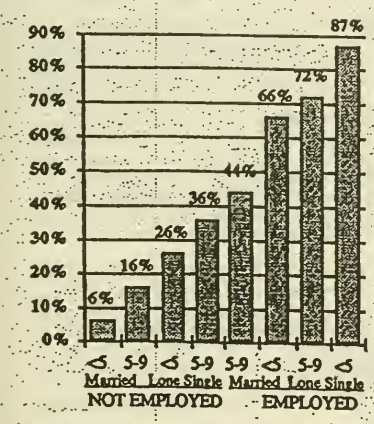


Figure 2. Percent of Children in Paid Care, By Age of Child and Employment Status of Mother : Married Mothers Versus Lone Single Mothers

Household income and the affordability of child purchase child care (40%) as those with high household incomes (41%), but middle-income families with household incomes of $25,000 to $44,999 are somewhat less likely (30%) to purchase care. Single parents (82% of whom have household incomes of less than $25,000) have to purchase care despite a low household income, while middle-income families with two parents can rely on a spouse, stagger shifts, or work part time to avoid purchasing child care.

Oregon families experience sharp differences in their ability to afford child care. They vary widely in their household incomes, but the average amount they spend for child care remains remarkably constant at around $3000 annually despite rising incomes. At each income level, of course, there is wide variation in the child-care expenditures of individual families, because some use part-time paid care for one child while others have two children in full-time paid care. Families purchased a mean of 21 hours of child care per week. Those with household incomes of $30,000 paid about 10% for child care on the average. As incomes rose, the percent dropped, leveling off at around 5%. As household incomes dropped below $30,000, the percent spent on child care steeply rose to 15% and 30%.

The Oregon Progress Board has adopted this indicator of affordability, *ten percent of household income spent on child care*, as a work-family and child-care benchmark. Those who spend 10% or more on child care are 59% of families with less than $25,000, 27% of those with $25,000 to $44,999, and 7% of those with $45,000 or more. Overall, 69% of Oregon families who purchase child care spend less than 10% of their household income on it, but there are two divergent populations on the affordability issue.

Single parents spent an average of 15% of household income on child care, with 64% spending 10% or more of their income on child care. Married couples spent an average of 6% of household income on child care, with 27% spending 10% or more of it on child care.

The need for accessible care. Statewide, 25% of children under age 13 were estimated to be either in family day care or in centers, with a range of 18% to 31% across eight regions of the state. "Family day care" which is child care in the homes of non-relatives, is less visible than centers and must be recruited by the network of agencies that provide referrals and consultation to parents seeking care. To assess the success of these agencies in marshaling family day care homes for referral purposes, we developed three indicators which are shown in Figure 3:

1) **Effective demand (current usage) as percent of population.** The number of Oregon children estimated to be in family day care is 85,800 (± 2,028) which is 15.4% ± 2.4% of the 557,925 population of children under age 13. This ranges from 12% to 20% in eight regions of the state.

2) Agency-known supply as percent of population. The child capacity of family day care homes listed by or known to Oregon's Child Care Resource & Referral Network is 32,478 which is 5.8% of the 557,925 Oregon population of children under age 13. Regionally, this ranges from 4% to 7%.

3) Agency-known supply as a percent of effective demand. The capacity of family day care homes known to R&R agencies or listed for referral purposes is 38% of the total number of children estimated to be in family day care in Oregon. This percentage ranges from 20% to 57% in the eight regions of the state.

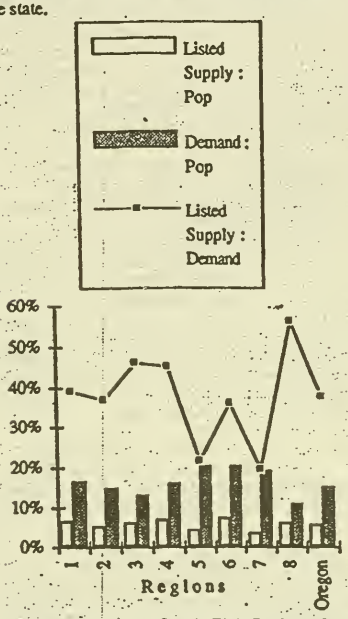


Figure 3. Family Day Care in Eight Regions : Three Indicators Measuring EffectiveDemand and the Accessibility of Supply.

V. Discussion.

When a family purchases child care in the marketplace, the paid care is best understood as part of a larger mosaic. In the economics of child care, there are powerful reasons why 67% of Oregon children under age 13 are not in paid care:

- Care is provided by a spouse who is not employed.
- A spouse only works part time.
- A child is considered old enough to be alone.
- Other family members, relatives, or friends live in or come in.
- A parent works at home.
- Care in the home of a relative or friend is not paid for.
- Care is bartered or exchanged, either by formal agreement or informal reciprocity.
- Care is provided by others as an expression of obligation, service, or voluntary helping.
- Care is in a totally subsidized program such as Head Start.
- Paid-care alternatives are not attractive or do not meet parents' standards.
- Paid-care alternatives are not affordable.

These factors play in concert, in harmony or disharmony, as families divide of share responsibilities, respond to the age-related needs of their children, adapt to employment and workplace demands, and face the difficult task of finding and managing child care and possibly also elder care. The interplay of work-and-family demands with work-and-family-and-community resources is illustrated by a survey of 15 companies and agencies in Lane County, Oregon (Emlen & Koren, 1990) in which, among married parents who worked other than the regular day shift, 10% worked the same shift as their spouse, 60% worked a partly overlapping shift, and 30% worked completely different, non-overlapping shifts; and most used a patchwork of part-time paid care and care by spouse.

Existing supply equals effective demand (current usage), and it is especially difficult to estimate how much latent, potential demand for high-quality paid care or programs attractive to school-agers might translate into additional effective demand if high-quality paid care were more readily available, if more parents had a better understanding of what quality paid care is, and if they had the wherewithal to pay for it. Much of paid care fails to meet high-quality standards, and one should not assume that paid care is better for children than care at home. Both are subject to wide variation in stressful conditions and quality of life.

In general, "need for child care" is more complex than a need for new "slots" in paid care. Rather, a concept of need has crystallized in national policy as an interrelated array of considerations (Neal et al., 1993):

- the need to improve the quality of care and the understanding of quality in all of the kinds of child care that parents choose.
- the need for availability of alternatives to choose among.
- the need for accessibility of care that is close, convenient, approachable, accommodating, and offered at times that fit work schedules.
- the need for sufficient workplace flexibility for

• the need for affordability of child-care costs in relation to income.

Our findings about populations having widely divergent abilities to afford child care suggest divergent implications for policy. For those who are experiencing extreme financial stress and difficulty paying for child care, rent, fuel, food, clothing, and life in general, wage policy, tax policy, and sliding-scale subsidies are relevant. For those who, in relative terms, probably can afford more than they currently pay for child care and might be willing to pay more if they understood better what quality care is and what it costs and valued it more highly, consumer education might bring about a better balance in the market between ability to pay and compensation for child-care providers.

Up to now, through the cooperative efforts of public agencies, public-interest groups and the private sector, the state of Oregon has concentrated on addressing the availability, accessibility, and affordability issues and on developing measures for estimating effective demand and accessible supply. Future work will address the need to improve quality of care, along with the work and family conditions that contribute to it. Our development of the biennial Oregon Population Survey needs refinement, and fully effective use of the survey requires a larger sample from counties. Yet the survey is playing a critical role in the state's enhancement of the ability of regional resource and referral agencies to analyze local needs and resources, to advise communities, and to help funding agencies make intelligent decisions about child-care initiatives. By comparing regions, justifying priorities, and guiding strategic planning for the state, the effort creates benchmarks for focusing statewide attention on child-care and workforce goals.

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We are grateful to Rolfe LaForge for reviewing the

ATTACHMENT 2

Community Planning for Child Care in Oregon: Basic Principles

Community Planning for Child Care in Oregon: Basic Principles

Oregon's approach to child-care policy, strategic planning, resource development, and services is driven by data, and the approach to data is driven by values, a philosophy, and a process of community development. Here are some basic principles behind this approach.

1) The philosophy emphasizes that child-care needs are a shared responsibility of parents, employers, and communities. The role of governments is to enhance the ability of parents, employers, and communities to meet those primary responsibilities. The needs are complex and will best be met in many ways and by cost-effective interventions in a complex market economy and in keeping with the values of a democratic society.

2) These responsibilities of parents, employers, and communities, as well as of government, extend to all of the issues and goals of child-care policy, including the availability of child care, its accessibility, affordability, quality, and flexibility or manageability in relation to work and family life. Flexibility, for example, is needed to deal with emergencies as well as manage regular arrangements. Flexibility has to come from somewhere, either from division of labor or sharing within the family, from workplace accommodation, or from responsiveness by community child-care providers. The solution is a shared responsibility.

3) The child-care economy is a mosaic of family, work, and community patterns; and community planning for child care requires seeing the whole picture. The needed data are those measuring the circumstances and market forces that shape the opportunities for families and influence how they are able to manage. The needed data include at least the following:

a) adult household composition, with marital status of parents and other household potential for sharing child care
b) labor-force participation, full and part-time, of mothers and single custodial fathers
c) shifts and working conditions
d) household income
e) ages of children
f) patterns of paid care, full and part-time, in existing child-care markets
g) work-family alternatives to paid care, i.e., patterns of care that is not paid for
h) numbers of children
i) price of care.

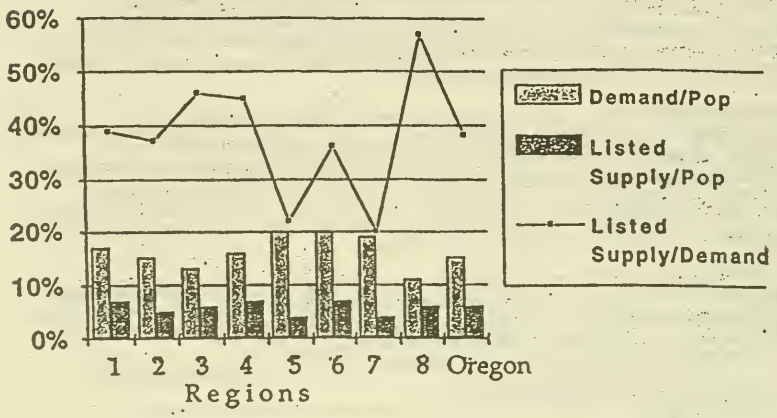
4) These data provide a picture of effective demand, that is, of the patterns and amount of child-care supply currently in use. In Oregon, we obtain these data in a biennial household sample survey and combine them with the annual census estimates of child population and compare them to the Child Care Resource & Referral Network's service statistics derived from CareFinder. The Network data are standardized statewide and provide the picture of child-care supply that can be made accessible to families through resource and referral services.

5) The methodology for analyzing the data is to divide up Oregon's population of children (the children's pie) according to the marital and employment status of mothers and single custodial fathers, with associated ages of child and type of care.

6) The final principle is that child care is local. National averages aren't state averages, state averages aren't county averages, and county averages aren't neighborhood averages. State planning requires regional or county comparisons, and county planning requires neighborhood comparisons. Decisions about needs and resources should be based on local data as well as seen in relation to statewide averages.

Family Day Care: Effective Demand and Agency-Known Supply

- Agency-Listed Supply as % of Demand (Usage)
- Demand and Listed Supply as % of Population of Kids <13



- "Family day care" is child care in the homes of non-relatives.

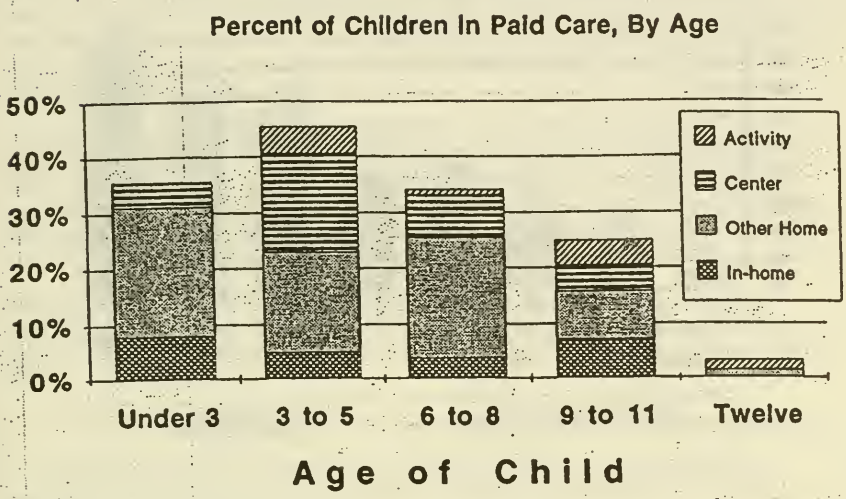
- Effective Demand (current usage). The number of Oregon children estimated to be in family day care homes is 85,800 (plus or minus 2,028) which is 15.4% ± 2.4% of the 557,925 Oregon population of children under age 13. This ranges from 12% to 20% in 8 regions of the state.

- Agency-known supply. The child capacity of family day care homes listed by or known to Oregon's Child Care Resource & Referral Network is 32,478 which is 5.8% of the 557,925 Oregon population of children under age 13. Regionally, this ranges from 4% to 7%.

- Agency-known supply as a percent of effective demand. The capacity of family day care homes known to R&R agencies or listed for referral purposes is 38% of the total number of children estimated to be in family day care in Oregon. This percentage ranges from 20% to 57% in the 8 regions of the state.

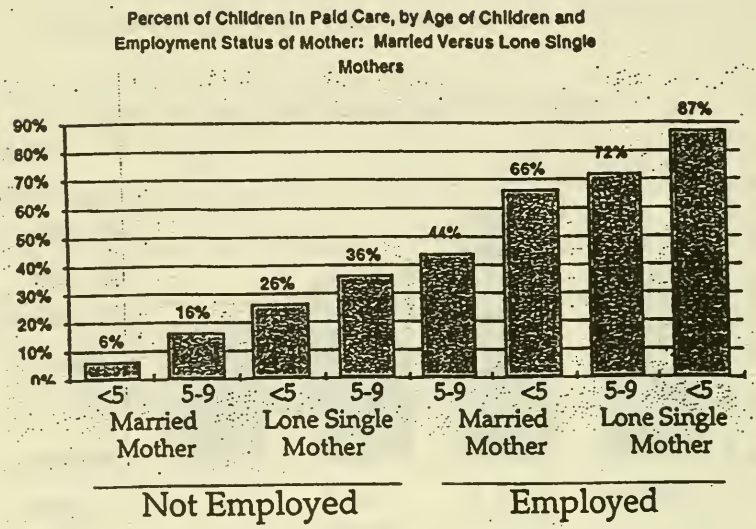
- Total out-of-home market care. Statewide, 25% of children under age 13 are estimated to be either in family day care or in centers, with a regional range of 18% to 31%.

Percent of Children in Paid Care, By Age of Child and Type of Paid Care



- There is a substantial amount of paid care for all ages through age 11.
- At no age does paid care reach 50%, and all ages 0-12 average 33% in paid care.
- In-home care, other homes, and centers are all used for most ages of children.
- These figures are of the child's primary paid child-care arrangement. If secondary paid care were shown, activities would increase 15%, but other forms of paid care were virtually not reported as secondary arrangements.

Which children are least likely and which most likely to be in paid care?



- In order to clarify differences, this analysis left out single custodial fathers, as well as "single" mothers who lived with another adult with whom they could share child care.

- For all Oregon children under age 13, the overall average is 33% in paid care, but wide variation is driven by the mothers' marital and employment status.

- Lone single mothers who need to be employed have very high rates of paid care, despite low household incomes, because they they have no other adult at home with whom to share child-care responsibilities.

- The effect of the child's age is reversed when mothers are employed. Among children of mothers who are not employed, paid care increases when the children are older. Among children of employed mothers, the younger children are more likely to be in paid care, while the older ones often may look after themselves after school.

Affordability:

What Families Spend on Child Care as a Percent of Household Income

• Use of paid care in Oregon is quite flat across household incomes: 40% of familles with less than $25,000, 30% of those with $25,000 to $44,999, and 41% of those with $45,000 or more. The high-income families can afford it and the low-income families have to purchase it whether they can afford it or not (82% of Oregon's single mothers have household incomes of less than $25,0000. The middle-income families disproportionately rely on a spouse, staggered shifts, and part-time employment as alternatives to paid care.

• Oregon families experience sharp differences in their ability to afford child care. They vary widely in their household incomes, but the average amount they pay for child care remains flat at around $3000 with little variation in the average as incomes rise. *(At each income level, of course, there is also wide variation in the child care expenditures of individual families, because some use part-time paid care for one child while others have two children in full-time paid care. Families purchased a mean of 21 hours of child care per week.)*

• Those with household incomes of $30,000 pay about 10% for child care on the avarage. As incomes rise, the percent drops, leveling off at around 5%. As household incomes drop below $30,000, the percent spent on child care steeply rises to 15% and 30%.

• Thus, there are two categories of child-care consumers with respect to affordability:

A) those who probably can afford more than they currently pay for child care and might be willing to pay more if they understood better what quality care is and what it costs and valued it more highly; and

B) those who are experiencing extreme financial stress with difficulty paying for child care, rent, fuel, food, clothing, and life in general.

This has implications for our policies that address issues such as compensation for child-care providers versus the consumer's ability to pay. We need consumer education for one population and a combination of wage policy, tax policy, and sliding-scale subsidy policy for the other.

• The ten percent of household income spent on child care is a pretty good indicator of affordability. This is one of the work-family, economic, and child-care benchmarks adopted by the Oregon Progress Board. Those who spend 10% or more of household income on child care are 59% of those with less than $25,000, 27% of those with $25,000 to $44,999, and 7% of those with $45,000 or more. Overall, 69% of Oregon families who purchase child care spend less than 10% of their household income on it.

United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Regulation, Business Opportunities, and Technology
Committee on Small Business
House of Representatives

For Release on Delivery
Expected at
9:30 a.m., EDT
Friday, February 11, 1994

CHILD CARE QUALITY

States' Difficulties Enforcing Standards Confront Welfare Reform Plans

Statement of Joseph F. Delfico, Director
Income Security Issues
Health, Education, and Human Services

GAO/T-HEHS-94-99

SUMMARY

As any working parent can tell you, leaving your child in the care of others is one of the most difficult decisions one makes today. But knowing whether or not that care is safe, is unfortunately more often a "trial and error" experiment than a sure thing. One reason for this is that the number of children in care is outstripping states capacity to protect them while in that care.

For example, GAO's study found that 17 states did not conduct criminal background checks on child care center providers, and 21 states did not conduct such checks on family day care providers. While Congress recently passed legislation to address this problem, no one knows yet how much it will help.

Why are states struggling with their responsibility to protect children? The answers are familiar ones for any level of government--bigger caseloads and smaller budgets.

Over the past two decades the number of women in the labor force has soared. This has led to a parallel surge in the demand for child care--a surge expected to continue. As of 1990, 7.6 million children under the age of 13 were enrolled in centers and 4 million were in family day care homes. Responsibility for the quality of that care, through the setting of quality standards and enforcement, rests almost exclusively with state and local governments. We conducted a survey of the states to get a nationwide picture of how well states are enforcing their child care standards. We found some erosion in the use of their most effective enforcement practices, as well as innovations designed to compensate for that erosion. As demand for child care continues climbing throughout this decade, states will be further challenged to ensure the health and safety of children in care.

An additional test to states' ability to protect children may come through changes initiated under welfare reform. Currently over 9 million children are on welfare, and the present welfare system requires only a small fraction of their parents to be in school or training. However, new proposals discuss expanding the number of welfare clients who must participate in education and training activities as well as requiring them to find work after two years. Under this scenario, more welfare parents will be entering the child care market, possibly straining state enforcement resources even more.

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me here today to discuss our report on how states protect children in child care and promote quality.

During the past two decades the number of women in the labor force has soared. This has led to a surge in the demand for child care--a surge expected to continue. As of 1990, 7.6 million children under the age of 13 were enrolled in centers and 4 million were in family day care homes. Responsibility for the quality of that care, through the setting of quality standards and enforcement, rests almost exclusively with state and local governments. We conducted a survey of the states to get a nationwide picture of how well states are enforcing their child care standards. We found some erosion in the use of their most effective enforcement practices as well as innovations designed to compensate for that erosion. As demand for child care continues climbing throughout this decade, states will be further challenged to ensure the health and safety of children in care.

Welfare reform may pose an additional test to states' ability to protect children. Currently, more than 9 million children are on welfare, and the present welfare system requires only a small fraction of their parents to be in school or training. However, new proposals discuss requiring more welfare clients to participate in education or training as well as requiring them to find work after 2 years. Should this happen, more welfare parents will enter the child care market, possibly straining state enforcement resources further.

In my statement today, I would like to discuss four topics: (1) a brief description of the growth in demand and supply of child care, (2) what is quality child care and why its important, (3) what states do to protect children in care and why this has become difficult, and (4) further complications for states under welfare reform.

THE DEMAND AND SUPPLY OF CHILD CARE INCREASES

During the last 20 years, the demand for child care has steadily increased. In that time, the number of working women with children under age 6 has doubled--from 30 percent in 1970 to 60 percent in 1991. Similarly in the last 20 years, the supply of child care has increased. For example, since the mid-1970s, the number of child care centers has tripled, going from more than 18,000 in 1976-77 to almost 56,000 in 1990. The number of children cared for full time in centers quadrupled, going from approximately 900,000 in 1976-77 to 3.8 million in 1990.

Given these trends, the number of new providers is likely to continue to grow, renewing interest in the quality of the care being provided.

The question of quality arose recently during the passage of the Child Care and Development Block Grant. The purpose of the block grant, which was passed in 1990, is to assist states in purchasing child care for low-income parents as well as to increase the availability and quality of child care for all families. The block grant is one of very few programs that requires states to spend some of their block grant money on improving the quality of child care. During its passage, a protracted debate occurred over whether the block grant should impose federal child care quality standards on states. Although those arguing for federal standards lost, concerns remain about the states' role in ensuring quality services for all families.

QUALITY CHILD CARE IS SAFE AND ENRICHING

What is quality child care, and why is it important?

Simply put, quality care is care that nurtures children in a stimulating environment, safe from harm. Quality care has two critical elements. First, at its most basic level, it must provide care that protects children's safety and health. This means that child care facilities have working smoke detectors, covered electrical outlets, properly stored food, and no dangerous chemicals within reach of children. To this end, states have a significant role to play. Second, quality care must be enriching and developmentally appropriate. This means it must have adequately trained staff, low staff-to-child ratios, low staff turnover, and age-appropriate materials and space.

Why is it important? Children start learning from the time they are born according to the latest research. And the quality of care they receive, whether from a parent or someone outside the home, can either nurture their learning or inhibit it. A child's success later in life, particularly in school, will depend on this early support. With about 12 million children in full- or part-time child care today, it is easy to see that the quality of this care has enormous implications not only for the well-being of our children but also our society.

STATE ACTIVITIES FOR PROTECTING CHILDREN AND PROMOTING QUALITY CARE

With almost 12 million children in child care as of 1990, states' responsibility for protecting these children is a formidable task. How do states ensure that child care meets accepted safety and health standards? In all states, the key activities for doing this are setting standards, screening prospective providers, conducting on-site monitoring, and imposing sanctions.

Setting Child Care Standards

First, through their legislatures states set their own standards that child care providers must meet. As a result, child care standards vary considerably among states. If a provider does not meet these standards, it cannot operate--at least, not legally. While these standards cover a broad range of areas, such as the number of caregivers required per child to the amount of square footage needed, many focus on safety and health aspects. For example, state standards might stipulate the number of fire extinguishers needed by a provider or whether a child must be immunized before entering care.

Standards not only specify the level of care that providers must meet; they also determine which providers must meet them. In fact, states exempt a significant number of providers from state standards. For example, a 1990 national study funded by the Department of Education estimates that approximately 82 to 90 percent of family day care providers--those who care for children in their homes--are exempt. Examples of other types of child care that states may exempt are those sponsored by religious organizations, in other government entities like schools, or those operating for part of the day.

Finally, for those providers who are regulated, different standards apply to different types of providers. Centers generally must meet more rigorous standards; family day care providers usually must meet fewer and less stringent ones.

Screening Providers

Second, states screen prospective providers to determine suitability by eliminating individuals who do not meet the standards, such as for age (e.g., too young), criminal background, and others. Several licensing directors believe that comprehensive screening upfront helps prevent enforcement problems later. To this end, screening is seen as a cost-efficient prevention tool: it helps eliminate people who see child care as an easy business to start but who may be unqualified to care for children.

Regarding the issue of screening providers, federal legislation passed in November 1993 requires states to submit their child abuse crime information to the Federal Bureau of Investigation's criminal history background check system. The purpose of this law is to give states access to these records to conduct criminal background checks on child care providers. At the time of our report, we found that 17 states did not conduct criminal background checks on center providers, and 21 states did not do this for family day care providers. We also found that 19 states did not conduct child abuse registry checks for centers, and 17 did not do this for family day care providers.

Conducting On-site Monitoring

Through on-site monitoring, licensing officials periodically visit providers to determine whether state standards are being met. These visits can be either announced or unannounced. An on-site visit is believed to help deter noncompliance as well as present opportunities to educate and help providers comply with state standards. In these ways, states use on-site monitoring as an oversight and a prevention tool for ensuring that a basic level of care is provided.

As with standards, states differ in the frequency with which they monitor providers and in the type of provider monitored. From our work, we found that 38 states monitor centers, on average, less than twice each year. Regarding monitoring family day care providers, 6 states do not visit this type of provider at all; 29 states average one or fewer visits and 10 of these visit only a sample of these providers. (See app. I.)

Imposing Sanctions

Sanctions are penalties imposed by a state when a provider does not meet state standards. As such, a state's ability to sanction is closely linked to its monitoring capacity. Sanctions range from requiring corrective action plans to closing a facility.

ON-SITE MONITORING RANKED AS STATES' MOST EFFECTIVE TOOL, BUT ITS USE IS DECLINING

Reductions in On-site Monitoring

In our survey, more than two-thirds of state licensing directors ranked on-site monitoring as their most effective tool for assuring that standards are met. Yet some states' capacity to do this has been eroding. In 1989, several states began conducting monitoring less often than in the past or less often than their policy required. At the time of our survey, for example, 18 states have reduced the frequency of their visits, averaging 1.7 visits a year per center. Thirteen states conducted visits less often than state policy required; most visited centers about once a year while their policy required two visits.

Further, we compared state monitoring practices with monitoring standards set by the National Association for the Education of Young Children (NAEYC). NAEYC is the nation's largest association of early childhood professionals whose main purpose is to improve professional practice in early childhood care. It sets a minimum standard of at least one unannounced visit per year. We found that 20 states do not meet this standard. NAEYC recommends a higher standard of at least two visits per year--one, unannounced. Our survey found that 39 states do not meet this standard.

Cutbacks Linked to Fiscal Restraints and Greater Numbers of Providers

The primary reason for monitoring cutbacks was budget cuts resulting in shortages. For example, 32 states had to cut funding and staff for programs in 1991. Budget-reduction strategies included hiring freezes, across-the-board cuts, and layoffs. This was coupled with increased caseloads, that is, the number of providers they had to visit increased. More than two-thirds of the states reported to us larger caseloads of centers and family day care homes. Furthermore, almost as many states predicted increased caseloads in the next 2 years.

States Try to Stretch Resources by Using Other Methods

Because of tight budget conditions, states have tried to "work smarter," especially in regard to on-site monitoring. Examples of this included prioritizing inspections to focus on providers with a poor compliance history, reducing the amount of time for visits by monitoring only key standards, and automating data collection tasks to process paperwork quickly. (See app. II.)

Further evidence of states' adjusting to their fiscal constraints was their pursuit of other activities to supplement screening, monitoring, and sanctioning efforts. Many focused on preventive strategies such as provider training and educating parents to protect children and improve quality with fewer resources.

WELFARE REFORM: A FURTHER CHALLENGE TO STATES' CAPACITY TO PROTECT CHILDREN

Most states regulate only a small portion of the providers in their state, and they are struggling to do even that. Given this, an important question still remains: will the quantity of child care providers overwhelm the states' capacity to ensure safety?

This question is important in light of current welfare reform proposals. The proposals before the Congress and many already initiated by states expand work and training requirements for welfare clients, which means that an expanded use of child care will occur simultaneously. We believe this will add to burgeoning state licensing and monitoring caseloads and exacerbate the states' difficulties by drawing more providers into the market.

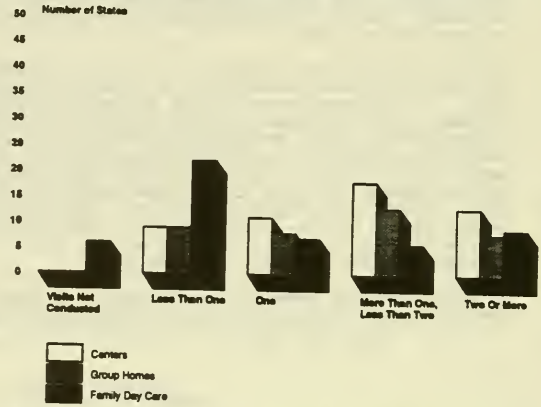
However, another complication may arise. If child care supply grows to meet a new demand spawned by welfare reform, it may be in that part of the market that states already exempt from standards. For example, some low-income families, in particular, working-poor, single mothers, rely heavily on relative and family day care. More than 50 percent of low-income children in these families had such

arrangements in 1990. But, as mentioned earlier, family day care is mostly unregulated as is care provided by relatives. Given that states cannot regulate all providers nor is regulation appropriate for some types of providers, states pursue other methods to help build safe, quality care in their state. Examples of these activities include educating parents on how to choose safe care and training providers about state standards and good practices. But, these activities take resources, too. Given this, GAO believes that assessing state efforts to protect children in child care in the face of expanding child care services is critical. The new welfare reform initiatives only underscore the urgency of this task.

As a postscript, while there is cause for concern about states' ability to protect children while in care, there is also cause for hope. In the most recent Fiscal Survey of the States, published in October 1993, 38 states reported that revenues matched or exceeded projected revenues. This contrasts with several prior years in which many states revenue fell so short of projections that states were forced to reduce, mid-year, their enacted budgets. The National Association of State Budget Officers believes that its fiscal survey to be released in April 1994 will show even more improvement. Should that prove true, more state resources may be available to help state licensing offices with their critical task of ensuring safe and healthy child care.

This concludes my remarks, Mr. Chairman. I would be happy to answer any questions you or other subcommittee members may have.

Number of Yearly Visits Conducted by States



Notes: Groupings represent the average number of yearly visits conducted by a state. For example, Mississippi conducts 3 visits every 2 years for centers, averaging 1.5 visits a year, and is included in the "More Than One" grouping.

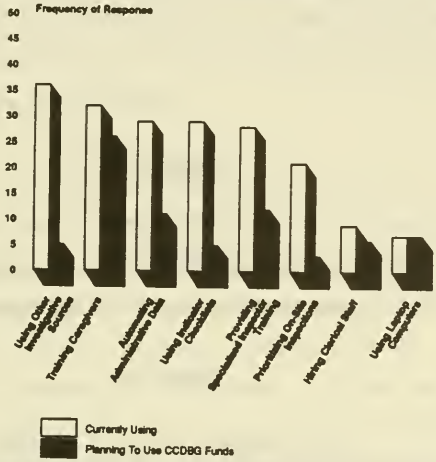
Totals include both renewal and compliance visits.

Maximum response rates: Centers, 51; Group homes, 38; and Family day care, 50.

Thirteen states do not have group homes, and Mississippi does not regulate family day care.

Source: GAO/HRD-93-13

Ways States Use Monitoring Resources More Efficiently



Maximum response rate is 51.

Source: GAO/HRD-93-13

DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

STATEMENT BY

OLIVIA GOLDEN

COMMISSIONER
ADMINISTRATION FOR CHILDREN, YOUTH, AND FAMILIES

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

BEFORE THE

HOUSE COMMITTEE ON SMALL BUSINESS
SUBCOMMITTEE ON REGULATION, BUSINESS OPPORTUNITIES,
AND TECHNOLOGY

FEBRUARY 11, 1994

Chairman Wyden, and members of the Committee, thank you for giving me the opportunity to come before you today to speak about the issue of child care -- an issue of critical importance to the nation's children and families. It is particularly appropriate to discuss the interrelated issues of child care quality, affordability and accessibility in this Committee given the unique interest of small businesses -- as child care providers, consumers and employers of consumers.

This morning, all across the nation, millions of young children are participating in some form of out-of home care while their parents are working or receiving training and education. The dramatic increase in labor force participation of mothers has heightened attention to child care in recent years. In 1992, three-quarters of all mothers with children 6-17, and 60 percent of mothers with children under age six, were in the labor force. Today, over half of all mothers whose youngest child is under age two are in the labor market. Their high use of child care increases our national stake in the quality of child care. It also means that we must renew our efforts to ensure that we are promoting safe and healthy environments for children that foster their development and overall well-being.

Children are being cared for in a wide range of settings. Some are in their own homes; others are in family day care homes, where a single provider cares for a small number of children in a residential setting; others are in larger, more formal child care centers, which are staffed by a number of providers. The various settings provide different kinds of services and are subject to different kinds of regulatory requirements. Some providers are exempt from regulatory requirements under State and local law; exemption policies differ among States, but may cover relatives, in-home providers, providers caring for a small number of children, school-based programs and, in some cases, sectarian providers.

Because of the variety in the existing system, different approaches for ensuring quality are appropriate. However, all children should enjoy basic health and safety protections and be in environments where they have the opportunity to grow and develop. Today, many children are in healthy, safe, and secure environments, but some are not so fortunate. It is critical for the Federal government, in partnership with States, communities, providers and parents, to work towards ensuring that all child care is provided in safe, healthy and nurturing settings. We must all look more closely at health, safety, and child development issues.

As Commissioner of the Administration for Children, Youth and Families (ACYF), I am responsible for the administration of the Child Care and Development Block Grant, one of the largest direct assistance child care programs administered by the Federal government, as well as the Head Start Program. In addition, I serve as the Chair of the Child Care Working Group, an internal group convened by Mary Jo Bane, the Assistant Secretary for Children and Families, to provide greater consistency and quality across ACF child care programs. This working group includes representatives from all ACF child care programs including those administered under Title IV-A of the Social Security Act.

I will focus my remarks on providing an overview of ACF child care programs. First, I will briefly describe ACF's role in promoting quality child care. Then I will present some of our preliminary plans -- through administrative changes, welfare reform, and other vehicles -- for making the child care system more responsive to the needs of children and families.

ACF Child Care Programs

The Administration for Children and Families (ACF) administers a variety of programs to help low-income families obtain child care services. ACF child care services focus on assisting individuals in low-income families who are employed, or in education and training for employment, and who need child care to achieve self-

sufficiency. However, these programs also serve families with children that need protective services. The Child Care and Development Block Grant (CCDBG) provides Federal funds to the States for child care assistance, and Title IV-A of the Social Security Act provides Federal funds for Child Care for AFDC Recipients, Transitional Child Care and At-Risk Child Care. At a minimum, this care is subject to applicable standards of State and local law. In addition, all providers receiving funds under the CCDBG program must meet health and safety requirements set by the States in certain areas, including prevention and control of infectious diseases, building and premises safety, and provider training.

The Child Care and Development Block Grant (CCDBG) provides low-income families with the financial resources to access child care. In addition, CCDBG increases the availability of early childhood development and before- and after-school child care services and provides funds to improve child care quality and supply. Funds are available to States, Indian Tribes and territories to provide grants, contracts, and certificates for child care services for low-income families. To be eligible, a family must need child care because a parent is working, or attending a training or educational program, or because the family receives or needs to receive protective services.

Funding for CCDBG became available in September 1991 and has grown from $732 million to $893 million in FY94. I am pleased to say that the President's FY95 budget includes a request of almost $1.1 billion for CCDBG. The request represents an increase of $172 million in discretionary child care funding (compared to the amount provided in FY94 for the CCDBG and the three smaller discretionary programs which we are proposing to consolidate with the CCDBG in FY95).

In FY93, there were 269 grantees (and a host of private, non-profit entities functioning as subgrantees) receiving CCDBG funds, including 52 States, 4 Territories and 213 Indian Tribes. Preliminary data indicate that about 570,000 children received child care services paid for in whole or part with Block Grant funds.

AFDC Child Care. Title IV-A of the Social Security Act provides child care funds for individuals receiving benefits through the Aid to Families with Dependent Children (AFDC) program. This financial support allows them to pursue employment or approved education or training which will help them to become economically self-sufficient. The FY95 budget requests $555 million for the AFDC Child Care entitlement program. The Federal match is at the variable FMAP (or Medicaid) rate for services and 50 percent for administration.

In FY91, the States reported serving an average of 127,000 families per month. In FY92, the average monthly number served increased to 175,000 families and 275,000 children. Of these families, approximately 60 percent participated in the JOBS program. (Under the Family Support Act, child care is guaranteed for JOBS participants and those in other approved education and training activities.) Working recipients may receive child care benefits through this program or through their AFDC payments. Working recipients who pay for their own child care may have their child care costs disregarded when determining how much of their income is counted for AFDC eligibility and payment purposes. Current law provides for a child care disregard of up to $175 per month for children at least two years of age and $200 per month for those under 2.

Transitional Child Care (TCC). Another child care entitlement component of Title IV-A is the Transitional Child Care program. Under TCC, child care assistance is continued for up to 12 months after an individual leaves AFDC as a result of increased work hours, higher wages or the loss of earned income disregards. The FY95 budget requests $156 million dollars for TCC.

Receipt of transitional child care has continued to grow since first made available in April 1990. In FY91, the average monthly number of families served was less than 24,000. Preliminary data for FY93 indicate that nearly 52,000 families and 81,000 children

were served in an average month.

The At-Risk Child Care Program (ARCC) provides States the option, under title IV-A, of providing child care to low-income working families who are not receiving AFDC; need child care in order to work; and, without child care, are at risk of becoming dependent on AFDC. The At-Risk Child Care Program is a capped entitlement, with an FY95 funding request of $300 million. For FY92, 26 States voluntarily reported serving an average of 67,000 families and 131,000 children per month. Currently 49 States and the District of Columbia have received approval to operate the At-Risk Child Care program.

Other ACF Sources of Support for Child Care

In addition to these programs, ACF also administers the Head Start Program and the Social Services Block Grant. Head Start now serves more than 721,000 children across the country, providing comprehensive services including education, parent involvement, health and social services. In the past, a small percentage of Head Start programs provided full-day services. However, the recently released report of the Head Start Advisory Committee on Quality and Expansion recommended increasing the number of full-day, full-year programs to respond to the growing needs of working families.

For FY92, 49 States report paying for child care through the Social Services Block Grant (SSBG). The type of services and activities funded through this program vary widely among States. While data are limited, based on anecdotal evidence and State expenditure reports, we have concluded that States are not relying as heavily on this program to fund child care services as they did prior to 1990.

The Role of ACF in Supporting Quality Child Care

The Administration is strongly committed to improving the quality and supply of child care for children and families across the country through partnerships with States, other grantees, communities, providers and the private sector. We know that among other things, quality care depends upon adequate health and safety standards, proper monitoring and enforcement, and a sufficient number of well-trained and supported staff. We also know that access to quality child care is critical to ensuring the health and safety of children, promoting healthy child development, ensuring that all children are ready for school, guaranteeing parental choice of care, and providing parents the peace of mind and the continuity and stability of care arrangements that they need to succeed at work and maintain their economic independence.

The Child Care and Development Block Grant is the principal source of Federal support to strengthen the quality and enhance

the supply of child care. Under the CCDBG program, 25 percent of the funds must be set aside for activities to improve the quality of child care and increase the availability of early childhood development programs and before- and after- school care. These activities include: resource and referral, grants or loans to assist providers in meeting State or local regulatory requirements, monitoring compliance with State and local licensing and regulatory requirements, training for caregivers, and improving salaries for child care staff.

Under these important quality provisions, States, territories and Tribes have initiated an array of projects to improve child care services. For example:

- Many States have launched efforts to improve their training systems for child care providers. Minnesota is developing an apprenticeship program for child care providers; in addition, it set aside $375,000 of its CCDBG funds for provider certification and career development activities. Oregon set up a scholarship fund which supports provider training and accreditation.

- All States are financing consumer education activities. South Carolina's consumer education campaign includes a statewide "800" telephone number, brochures and videos for parents, and public services announcements on television and radio.

- States are supporting information resource and referral efforts not just to assist parents in locating appropriate providers, but also in their provider recruitment and training activities.

- States have begun creative efforts to address the critical issue of improving staff salaries and benefits. Montana is giving merit pay to child care employees who complete child development training.

- States such as Arizona, Arkansas, Maryland, Michigan, New Jersey and Oregon are making substantial progress on their development of automated information and management systems which improve the coordination and delivery of child care benefits.

- Some States have increased the size of their monitoring staff; others are training their licensing staff on child development issues. Pennsylvania set aside $1.4 million of its CCDBG funds for that purpose.

- States are funding programs for teen parents and linking child care to comprehensive service strategies. Oregon has provided start-up grants to 19 local, school-based teen parent programs that offer parenting classes, life skills training, child development and on-site child care; in Hawaii, CCDBG funds support the Early Childhood Education and Care program.

- Special efforts have been made to improve the supply of quality infant care and care for children with special needs since these types of care are generally more scarce, but face an increasing demand. Maryland funds specialized training for providers who care for infants and toddlers with special needs; California is developing a training manual on serving exceptional children and will pay for three-day training sessions to accompany the manual.

While the Title IV-A child care programs do not include similar funding for direct support for quality improvements, IV-A administrative funds may be spent on counseling of parents, resource and referral activities, and training of agency staff on quality issues. In addition, CCDBG funds may be used to improve the care for children subsidized by the IV-A programs.

Along with these State efforts, at the Federal level, ACF took a number of steps in 1993 to help ensure the quality of care.

- We visited half the State grantees and large Tribes to review their progress in implementing their programs. One issue we looked at was grantee investment in quality improvement activities.

- We sponsored a National Child Care Conference for State and Tribal child care administrators, Head Start program staff, educators and child care advocates. Agenda topics included: 1) quality incentives for providers; 2) provider training; 3) informed consumers; and 4) health links for quality. Among the presenters were State administrators, resource and referral agencies, and representatives of the public health and early childhood communities.

- We sponsored ten symposia for State administrators to provide training and technical assistance on a variety of topics including quality issues. Similarly, we sponsored five Tribal workshops. These symposia included roundtable discussions on use of the quality improvement funds and funding for early childhood development and before- and after-school programs, as well as consumer education services.

- Under contract, we collected information from the States on

health and safety requirements and the use of the 25 percent CCDBG set-aside.

Plans to Expand and Improve Child Care

We have seen a tremendous increase in the supply of, and demand for, child care services over the past few decades. For low-income families, we have made important strides in recent years to expand the affordability of child care. The Family Support Act of 1988 and the Omnibus Budget Reconciliation Act of 1990 were very important in establishing child care guarantees for certain families and providing substantial amounts of new Federal funding for child care services and quality.

Even with these new programs and this new infusion of funds, as a nation we can do more to ensure the health and safety of children. While many children are in healthy, safe, nurturing and secure environments, some are not.

We can also do more to ensure that:

- Families needing care have adequate choices; waiting lists for subsidized care are smaller; and there is better access to care -- especially for infants, children with special needs, and parents working during non-traditional hours.

- Parents are given the information and support they need to select appropriate providers.

- And providers receive adequate training.

Numerous reports have documented problems with the child care system. Most recently, the HHS Office of the Inspector General reviewed licensed child care and other types of facilities in four States: Wisconsin, North Carolina, Nevada and South Carolina. While the number of facilities reviewed was limited, we are naturally concerned about the findings. A variety of health and safety violations were found, including: unsanitary conditions, unsecured toxic chemicals, facility hazards, incomplete children's records, fire code and other violations. Similarly, the General Accounting Office issued a report in 1992 indicating that States face difficulties protecting children from care that does not meet minimum health and safety standards.

This Administration is dedicated to providing leadership to improve the quality and accessibility of child care. The President's decision to request a significant increase in the Child Care and Development Block Grant for FY95 is an example of our commitment to addressing this critical issue. In addition, we are looking at administrative improvements our agency can make to develop a more coordinated structure and process for administering

our programs.

I would like to share some of our other current and planned activities to promote improvements in child care.

- ACF is now developing a set of regulatory proposals designed to remove barriers to coordination of child care services and to support States in improving the quality of care. These proposed changes resulted from monitoring reviews and consultations with a wide variety of individuals and organizations across the country. We hope to publish these proposed regulations this spring.

- We are planning a number of technical assistance conferences this year to focus specifically on the quality and coordination of care for children of various ages and programs. We are also planning to redesign our national training and technical assistance efforts to better complement the efforts of national child care organizations to be more responsive to new and emerging priorities.

- We are analyzing information on State licensing and health and safety requirements. This information will provide a snapshot of requirements in a number of areas such as immunizations and training. When results are published later this year, they will be useful to States in assessing and

upgrading their standards.

- We are continuing to analyze the data from the 31 on-site technical assistance reviews conducted in FY93 and to disseminate information on best practices.

Along with these activities, as part of welfare reform, the Working Group on Welfare Reform, Family Support and Independence is taking a very serious look at the adequacy of the overall child care system. Child care is critical to the success of welfare reform. It is essential that we provide child care support for parents receiving assistance who will be required to participate in education, training and employment. It is also essential that we provide child care support for low-income families in order to "make work pay" and enable parents to remain in the work force. We know that the lack of stable, quality child care is a major barrier to self-sufficiency.

As we formulate the child care component of our welfare reform plan, we seek to:

- Increase access that low-income families have to the care they need.

- Create a more seamless child care system, which also takes advantage of the Head Start program.

We are working on a package of proposals for presentation in the spring. We welcome your interest in this subject and look forward to further discussion with you over the course of the next few months.

Finally, since many other parts of the Department, as well as other agencies across the Federal government, are involved in child care, we have convened a Federal Child Care Partners group to help track, monitor and expand Federal efforts in this area and to better coordinate services. We are very pleased that we have already enlisted the active participation from such agencies as the Public Health Service (including the Maternal and Child Health Bureau and the Centers for Disease Control and Prevention); the General Services Administration; the Corporation for National and Community Service; and the Departments of Education, Agriculture and Labor, among others.

Conclusion

In closing, I want to again thank you for your interest and commitment to improving the lives of young children and their families through the provision of quality and affordable child care. Our agency stands ready to work with you on all of these issues. We are particularly interested in ideas that you may have on oversight of health and safety issues, improving the accessibility of child care for the employees of the nation's small businesses and using technology to promote child care quality. We look forward to a continuing dialogue on these issues with you and your staff.

TESTIMONY BEFORE THE COMMITTEE ON SMALL BUSINESS,
SUBCOMMITTEE ON REGULATION, BUSINESS OPPORTUNITIES & TECHNOLOGY
U.S. HOUSE OF REPRESENTATIVES

William T. Gormley, Jr.
Professor of Government and Public Policy
Georgetown University
(202) 687-6817

Hearings on Child Care Quality, February 11, 1994, Washington, D.C. Ron Wyden (D.-Ore.), Chairman.

Mr. Chairman, thank you for the opportunity to testify today. I'm delighted that your Subcommittee has chosen to address problems posed by the absence of consistent high quality in child care throughout the U.S. This is a serious matter for children, for parents, and for society as a whole.

Child care is a shared responsibility, in which parents, governments, and businesses all have important roles to play. Whenever responsibilities are widely shared, innovation and experimentation become possible; at the same time, accountability and consistency may suffer. These are familiar tensions in our federal system and ones that we cannot dismiss with a magic wand. We can, however, attempt to reduce the dysfunctions of federalism, while harnessing its creative potential.

The rough division of labor that has evolved in child care makes a certain amount of sense. The federal government provides funds to parents and to providers, in an effort to help poor and near-poor children in particular and in order to improve the child care infrastructure for all children. State governments, which are closer to the people, and which have considerable experience in the child care field, regulate child care establishments and enforce those regulations. Local governments play a more modest role,

providing some subsidies, monitoring some facilities, and offering some advice to parents.

Although there was never any blueprint for this arrangement, it has a certain logic to it. On the other hand, the situation is sort of like a hastily-assembled church choir in which the men have figured out that they're either tenors or basses and the women have figured out that they're either altos or sopranos but not much else seems to be going right. Overall, one gets the impression of generally good intentions and the faint hint of a melody but something less than a virtuoso performance. At the very least, some fine-tuning is in order.

It makes sense to begin with the state governments, because that is where most of the action is. State governments differ dramatically in the scope of their regulation, the stringency of their standards, and the vigor of their enforcement. State governments also differ in their commitment to child care quality, as measured not just by their regulatory systems but also by their willingness to allocate state funds to child care.

Most state officials are well aware of factors that have been shown to promote quality, such as well-educated providers, well-trained providers, small group sizes, low child/staff ratios, low turnover rates. State regulations address all of these, except turnover. They also typically require child immunization records,

criminal background checks, sound nutritional practices, good hygiene, safe physical facilities, and adequate preparation for emergencies. Nevertheless, most state regulatory systems do not go as far as they could to promote child care quality.

One reason for this is that quality often collides with other important goals, such as availability and affordability. Thus, if regulatory standards or enforcement practices are too stringent, group day care centers may go out of business or raise their rates; family day care providers have the additional option of operating underground, where they can escape government regulation altogether. According to our best estimates, 82 to 90 percent of family day care homes are unregulated -- legally in some instances, illegally in others.

State governments suffer from inadequate data and insufficient staff members to handle the growing number of facilities that need to be monitored. States routinely reappraise and reorganize their regulatory systems without evaluating the results. And staff shortages continue to pose problems in a number of states. In Pennsylvania, for example, each inspector must cope with approximately 90 group day care centers or group day care homes. In Utah, each inspector is expected to monitor approximately 100 facilities.

Although I sympathize with these difficulties, I believe that

state governments have missed numerous opportunities for significant regulatory improvements:

First, all regulations are not created equal. My research shows that some regulations adversely affect the supply of child care facilities, but many do not. In particular, training requirements result in sharp quality improvements without driving providers out of business or driving up rates. Yet 18 percent of all states have no preservice requirements for group day care center teachers; 60 percent have no preservice requirements for family day care providers.

Second, all providers do not require equal vigilance. As in any other industry, there are good apples, bad apples, and mediocre apples. Some facilities are exemplary, others are atrocious. Yet in most states, good facilities are inspected about as often as bad facilities. Out of a misplaced sense of fairness, states require that all facilities be inspected so many times a year (usually once), regardless of performance. Few states have followed the lead of Vermont and Texas, which link the number of inspections to the individual center's past performance.

Third, all offenses do not require identical punishments. Violations of state regulations vary dramatically. Some are truly insignificant; others are truly alarming. Unfortunately, inspectors typically do not have a range of penalties at their

disposal as rich and diverse as the offenses which they detect in the field. In 31 states, for example, they cannot impose monetary fines on errant centers. Thus, inspectors must choose between remedies that are too severe and remedies that are too lenient.

Fourth, state regulations in most states exempt some categories of providers. In at least 36 states, some family day care providers are exempt from state regulation. In 12 states, church-sponsored facilities are exempt or partially exempt. In Virginia, for example, 65 percent of all church-sponsored centers are inspected only if a complaint is filed against the center. This is unfortunate, because studies show that the quality of care in regulated facilities is superior to the quality of care in unregulated facilities.

Fifth, state regulatory systems aimed at improving child care quality coexist rather awkwardly with local regulatory systems that promote other goals. A state regulatory system that looks eminently reasonable standing alone seems more oppressive when combined with a series of local inspections, permit requirements, and fees. Overlapping regulatory systems are a source of particular irritation to family day care providers. When I studied the cumulative effects of state and local regulatory requirements in Milwaukee County, I found that they cost family day care providers an average of $936 just to get started. That's a substantial amount of money for someone who makes less than $10,000

a year and who expects to remain in business for less than two years.

As noted earlier, the federal government's primary role in child care is to provide subsidies to parents and providers, which are expected to benefit children. These subsidies are embodied in such programs as the Child and Adult Care Food Program, the JOBS program, the Transitional Child Care program, the Child and Development Block Grant program, the At-Risk child care program, and others. Naturally, the question arises as to whether the federal government ought to impose additional regulations on the states to improve child care quality.

In my view, there are good reasons to grant the states considerable discretion in regulating child care facilities. Attitudes toward government intervention vary across states, as do preferences for different types of child care arrangements, income levels, educational levels, unemployment rates, and cultural norms. States are more likely to enforce rules that they themselves have drafted and adopted. And reasonable people will disagree on the proper balance to be struck between quality and other values, such as availability and affordability.

Before imposing new quality standards on the states, the federal government should first reconsider federal rules and regulations that make it difficult for states to promote quality

when they wish to do so. Under the Child Care and Development Block Grant, for example, states cannot restrict parental choices to licensed providers; they cannot reimburse accredited providers at higher rates; they cannot reimburse licensed providers at significantly higher rates; and they cannot fully reimburse providers whose rates fall at the high end of the scale. In each case, the consequence is to tie the hands of those states that wish to promote quality more vigorously. Similar, though not identical, restrictions are built into other federal child care programs.

I do not favor eliminating all of these rules. There is, for example, much to be said for parental choice in child care subsidy programs. In practice, however, parental choice is something of a sham. In all too many jurisdictions, parents are making choices with little information, little advice, and little time in which to make a thorough search for appropriate care. Thus, when a parent opts for informal care, through a relative or friend, it is often because no one has taken the time to explain the developmental advantages of other forms of care. When a single mother sends a child to a center with a dubious track record, it is often because no one has told her of that center's licensing history.

What seems to be happening at the grassroots level, in implementing the IV-A programs and the Child Care and Development Block Grant, is that local caseworkers and other intermediaries are confusing silence with fairness. It is not unfair to tell a JOBS

client that a particular facility has received a total of eight substantiated complaints in three years. It is not unfair to tell a Transitional Child Care client that regulated providers are usually better-trained than unregulated providers. It is not unfair to tell a CCDBG recipient that the staff turnover rate at a particular facility has been high. Yet that information is not being disseminated on a routine basis. Instead, many parents receiving federal child care subsidies get nothing better than the advice James Earl Jones offers on TV: look it up in the Yellow Pages!

Money without information is not choice. If the federal government really believes in parental choice, it should insist that parents receive detailed information about child care options in their community and the track records of different facilities. In concrete terms, this might be done by requiring caseworkers, or their designated helpers, to provide three quality referrals to each client. This would help to reduce breakdowns of child care arrangements and would give parents a sense of security as they go off to work or to class.

The federal government should also take steps to repair some of the more conspicuous inadequacies in our child care infrastructure. For example, some parents who choose informal care of inferior quality do so not because they prefer it but because they work or take classes in the evening when regulated child care

facilities are almost never open. Other parents choose informal care because it is more reliable when children get sick. Until we have more sick-child-care centers in this country, regulated child care facilities of high quality will not fully meet the needs of working parents or parents who are trying to make the transition from welfare to work.

Other countries have coped with these problems much more successfully than we have. Moreover, they have done so, in some instances, without centralizing regulatory authority or bankrupting the federal treasury. In Germany, for example, child oare facilities are regulated by state governments, as in the U.S. Also, most group day care centers are private, as in the U.S. However, the Germans have successfully promoted quality through strong education and training requirements and relatively high salaries. They have also developed an auxiliary regulatory system, run by the churches and other private providers, that effectively backs up the state governments' regulatory efforts.

If the U.S. were to travel down a similar path, we would sharply increase our education and training requirements, in the expectation that well-trained providers need less monitoring than poorly-trained providers. We would upgrade the wages of child care providers, in anticipation that this would result in lower turnover and a higher quality of care. We might also get parents more involved in the regulatory process by requiring that a parent from

every day care center accompany state inspectors when they conduct a renewal visit. This could serve the useful purpose of ensuring that the results of state inspections are not filed away in a vault somewhere but are widely shared with parents and serve as the basis for discussion and improvement.

The key to improving child care quality in the U.S. is not necessarily more regulations but a better mix of regulations and a more rational child care system in which regulations, financial support, and consumer information are well-linked and successfully integrated. If we had such a system in this country, today's hearing would not be necessary.

TESTIMONY OF
MS. TONI MAJOY-YOUNG
COLUMBIA, MARYLAND

BEFORE:

THE HOUSE SMALL BUSINESS SUBCOMMITTEE ON REGULATION
BUSINESS OPPORTUNITIES AND TECHNOLOGY

FRIDAY, 11 FEBRUARY 1994

Good morning Mr. Chairman and members of the subcommittee, I appreciate the opportunity to testify before the subcommittee.

My name is Toni Majoy-Young. I am a 30 year old mother, wife and fulltime employee of Principal Residential Mortgage, Inc. My husband Kevin is 34 years old and he works as a salesman for the Columbia Community Association. We have one living son, 20 month old Kasey Earl Young. But I am here this morning to tell you about our other son, Kevin Anthony Young, who would be 4 and 1/2 years old if he were alive today.

Kevin and I met and were married in Los Angeles, California. We lived in a two bedroom apartment in the San Fernando Valley community of Reseda. We were what I consider to be a low-income family -- we both had to work to make ends meet.

Baby Kevin was born right after we were married. Because my job only provided me with two months maternity leave, I immediately had to face the problem of finding a full-time day care provider.

As a first time mom, all of this was new to me. My sister had been able to stay at home with her children and most of my friends didn't have children so I didn't really have anyone I could turn to for advice. However, I didn't think that finding good care would be that difficult, and in the phone book there was a number that you could call for the names and numbers of licensed providers in the area.

I called the few numbers they gave me, but the prices were far more than we could afford. Then I saw an ad in the Pennysaver -- a local advertising newspaper -- offering "Loving Child Care in My Home." I called Debbie, the woman listed in the ad, and she seemed very nice. Better still, she was close by, on my way to work and the price was one we could afford.

I stopped by Debbie's house to check things out but I really didn't have a clue about what to ask or look for, and Debbie ended up doing most of the talking. I didn't even know enough to ask for a tour of the house or getting references; I didn't ask if she had a license or whether a license was required; I didn't ask where the children take their naps or how many children there were; and, I didn't ask about or meet other parents. These are the questions I

should have asked, that every parent should ask when choosing a day care provider.

Instead, I just listened to what Debbie told me because she was older than I was, and I figured she knew what she was talking about. She told me she was President of the PTA at her daughter's school. She seemed extremely organized and I thought she was the answer to my prayers. I thought this woman knew what she was doing and I found myself completely trusting her.

Her house seemed immaculate, very bright and homey. It was a comfortable place. I met her husband and her little girl and she met baby Kevin, who was almost two months old at the time. Kevin was a very happy baby and very easy to like. They seemed to get along instantly. We agreed that Debbie would take care of Kevin and we discussed the hours, the price and what I needed to provide for his daily care.

For six months everything seemed to go well. However, there was one time when I went to pick Kevin up and his nose was all red, swollen and starting to bruise. I asked Debbie what happened and she told me that Kevin was chasing a cat and slipped on the kitchen floor. Kevin wasn't walking at the time so I assumed he was crawling and slipped when his hand went out from under him. It was the first time that anything seemed wrong and though I tried questioning her some more, I never did get a straight answer.

At this point, my husband was between jobs so he was able to stay home with Kevin for two months. When it was time for him to go back to work, we called Debbie back and asked if she could start watching Kevin again. She agreed but wanted to know if I had heard about little Matthew.

Matthew was another little boy Debbie cared for. I had seen his mother dropping him off and picking him up, but we had never talked. Debbie told me that Matthew had died. She said that his mother was a drug addict and Matthew was a drug addicted baby and those kinds of babies have seizures. Matthew had died in his sleep while visiting the park.

Because I didn't know Matthew's mom at that time, this explanation seemed to make sense. I still trusted Debbie. It wasn't until after Kevin died and the investigation started that I met Matthew's mom and learned that the things Debbie told me just weren't true.

Baby Kevin started back at the sitters sometime in May, 1990. On Friday, June 15, 1990, at 2:30 p.m., Debbie called me at work. She asked me to "come and get" Kevin, because "he fell and hit his head on the coffee table and he has a big bump." Debbie also told me that she "was afraid to let him go to sleep." I was terrified. I started to cry and told Debbie I would be right over. As soon

as I hung up, I called Kevin's pediatrician and told them what had happened. They said that it was probably a bump on the front of his head, which is the strongest part, and that Kevin would be alright. I calmed down enough so that I could drive and go get Kevin.

Debbie's house was about 15 minutes from my office. I drove up to the house and went inside. She was sitting on the couch holding Kevin so that his head was on her shoulder. She was patting him and said "he's sleeping and I can't get him to wake up." I was in shock and for some reason I couldn't even touch him. To me, he looked like an unconscious person, his breathing was sporadic and he was very pale.

I ran to the phone to call my sister -- the one with two kids -- to ask her what to do, but she wasn't home. I next called my mom and told her that I was taking Kevin to the nearest hospital and to meet me there. Even though I'd lived in that area my whole life, I suddenly couldn't remember where the nearest hospital was. I asked Debbie if I should call 911, but she told me that it would be faster if I took him myself and told me where the closest hospital was.

Debbie put Kevin in his car seat and then I drove him to the hospital. All the way there I kept screaming "Kevin, it's mom, wake up" but I didn't get any response.

I got to the hospital within minutes. I got Kevin out of the care and ran in. Two nurses were there and they took him from me and started asking me questions. They took Kevin into the emergency room while I filled out forms in front. I saw doctors and nurses rushing in and out and I started to worry.

I called my husband at work and told him what had happened and I then waited for him and my family to arrive. Soon, a social worker came out to get me and my family and took us to a room where she could talk to us. She told me that they had to call a special pediatric team to come and take Kevin to another hospital where they were better equipped. The doctor in charge of the team had briefly examined Kevin and he came and told us that Kevin's skull was fractured.

I asked him if this could have happened by Kevin hitting his head on a coffee table. The doctor told me "no mam." It was then that I became suspicious and the police were called.

In the meantime, Kevin had been transported to the other hospital where they could do a CAT-Scan. At some point, a doctor came and told us that Kevin's skull was fractured all the way up on one side and half way on the other. He told us that the brain was severely swollen and that it didn't look good. They had to drill

a hole in his head to relieve some of the pressure, but it didn't work. We spent the night in the hospital hoping for a miracle.

Sometime early the following morning, I went to Kevin's room. I grabbed his hand and his heart monitor went way up and then came back down. The nurse told me that Kevin knew I was there and for a split second I had hope. But then the doctor came and told us that nothing was working. They were going to take him off the medication he was on to keep him still to see if there was any movement. There was none.

The doctor next told us that Kevin's brain was dead and that it was the only the machines keeping Kevin alive. All the hope was gone and with much anguish, we decided to cease life support. Before that occurred, I sat in his room and held him in my arms but somehow I knew he wasn't there. That body had been so full of life, lay still with no sign of life at all. Kevin was dead well before they turned off the machines and he slipped away.

On his death certificate they listed the cause as a homicide. Immediately, the state took over the investigation and they charged the sitter with second degree murder. It took two long years before we got to trial and then we got a hung jury. We will start a new trial sometime this April. It has been four years and still we have no justice.

As a result of the investigation, we started to learn all types of information about the sitter -- things that the average person just can't find out. Things that if we'd known would have kept us from entrusting Kevin to Debbie.

To this day, I wonder what kind of hell I put my son through five days a week in the time before his death.

This is a parent's worst nightmare, but it is only the surface of the story. I could talk for days about the guilt we feel, the counseling we went through, the denial and the fights my husband and I had. We still can't discuss this together. Our whole world changed in a way you can not imagine.

It took a while for me to talk my husband into having another child, but we eventually did. This time we were not going to have a sitter until Kasey is old enough to talk. In order to do this, we moved clear across the United States so we could live with my husband's family. I stayed home with Kasey for 18 months until the financial pressure just became too big a problem.

I was able to find a job and the search for a care giver started all over again. We really wanted a nanny that could come to our house but the cost was astronomical. I then asked one of the moms in my mom's club and she referred me to a friend of hers. I met with the woman but didn't feel comfortable with the

situation. The drive was too far and the kids were confined to one room.

I tried contacting the local referral service but never got an answer, and when I finally got through, they didn't have the information I needed. I then turned to our local newspaper and called every sitter listed. I found a lady who lives around the corner. She had been providing child care for about 8 years. Her price -- $125.00 a week -- was affordable and she would provide meals. Other points that lead me to select her are that she had another adult with her in the house and they had been working together for 6 years. I like the idea of another adult being there because if something were to happen there would be another adult witness. It's been two month now and so far it seems to be working out fine and my son loves going and playing with the other kids.

But, everyday I live in fear wondering if I'm going to get a phone call and hear someone telling me that something has happened to my son. I wonder if he is being cared for properly, if he's being loved or if he's being neglected. I will never have the peace of mind knowing that my son is 100% safe.

The question that we all have to answer is how do we prevent what happened to my family from happening to someone else's child? I don't know all of the answers, but here are some suggestions. First, day care in the workplace, not for profit but as an employee benefit. This would answer many of the problems parents like me face. Parents could check on their child during breaks, they could feel comfortable knowing their child is close by and that it is convenient.

Second, all day care providers should be licensed by some sort of state agency and be required to display their license. They should have some kind of background check and psychiatric evaluation. Further, there should be some guidelines or regulations on price -- maybe based on the parents' income.

There needs to be more frequent inspections of day care facilities. Parents should be allowed to drop in on the sitter at anytime while there is a child there without advanced notice. Any incident involving a child should be fully investigated. I truly believe that if the police would have investigated Matthew's death thoroughly, my son would be alive today.

These are my thoughts and feelings and I hope this addresses most of your concerns. I hope that this will be helpful to you as you search for answers to these tremendous problems. Thank you and I will be happy to answer any of your questions.

Statement for the United States House of Representatives Committee on Small Business Submitted by Dee Topol, President Travelers Foundation February 11, 1994

My name is Dee Topol and I am the President of The Travelers Foundation. The Foundation is the principal philanthropic program of The Travelers Inc, and acts on behalf of our network of subsidiary companies. Among the larger of these companies are:

- Smith Barney Shearson, an investment banking and securities brokerage firm based in New York City
- Primerica Financial Services, a major issuer of term life insurance headquartered in Atlanta.
- The Travelers Insurance Companies, engaged in life, health and property/casualty insurance based in Hartford, Conn.
- Commercial Credit Company, a nation-wide consumer lending company headquartered in Baltimore.

Our company, The Travelers Inc, and The Travelers Foundation was known as Primerica and the Primerica Foundation until December 31. 1993, when we acquired The Travelers Corporation and changed our name.

The company has the aspect of both large and small business. All together 60,000 employees, $100 Billion in Assets, and $17 Billion in Sales.

However, the essence of our business is conducted by small branch offices and agents all over the United States. Offices ranging in size from two or three employees to those employing two to three hundred people are the backbone of our companies' operation.

The Travelers is a leading advocate for quality early childhood education and care at the local state and national level. We see it as a major workforce issue and one that affects our customers as well as our employees. The quality early childhood services available nationwide is the goal. We support activities that result in improvements in public policy to achieve more responsive child and parent-centered early childhood projects as well as better ways to deliver services to families and children.

In addition to Foundation funding of nearly two million dollars since 1990, The Travelers management and employees are active leaders in efforts to improve early childhood services. The Travelers' Chairman and Chief Executive Officer, Sanford I. Weill, leads initiatives to affect public policy and recruit business leadership support. He was the Chair of the New York City Commission on Early Childhood Education and is currently the vice chair of the

Early Childhood Leadership Group, composed of New York City business and government leaders who work to expand, coordinate and improve early childhood and child care programs. He is the co-chair with Lieutenant Governor Stan Lundine of the Early Childhood Investment fund, an innovative New York State public/private partnership to expand quality services for children and stimulate community planning around this issue. I am an active member of the Board of the Childcare Action Campaign, the Family & Work Institute as well as a member of the Advisory Board of the New York State Interagency Committee on Families and Children.

Sandy got his start as a leader in this field as Chair of the Maryland Employers Advisory Council on Childcare. The council was developed in 1988 by the Maryland Committee for Children to apply the acumen of a select group of Maryland's corporate, union and government leadership to the problems that have plagued child care delivery in the state.

In 1987 with the publication of "Workforce 2000",the Maryland Committee for Children was swamped with employers, large and small, looking for information and help. The statistics about the numbers of women with young children and infants entering the workforce was startling then--and the cry of "who's minding the Children" was loud.

In order to sort out the myriad of issues and options, the Maryland Commission decided to harness the best business minds in Maryland, do extensive research and develop a plan. After substantial study, the Council determined that the child care delivery system of Maryland lacked an adequate support system to facilitate the development of quality child care across the state. To remedy this situation, the council proposed a public/private partnership to develop an infrastructure for the state's child care delivery system. The result was the creation of a state-wide Maryland Child Care Resource and Referral Network linked to regional resource centers corresponding to the state's licensing regions.

This Network would deliver an array of services to improve and expand the system, and actively involve "shareholders" broadly defined as all members of a community with a stake in improved early childhood services. The services range from helping parents find and learn how to evaluate and select child care to documenting the needs of the system. Technical Assistance for new childcare programs, or help in expanding existing ones is part of the charge. Most importantly, was the ability of the R & R network to use data collected from all sources to look at real costs and to institute effective strategic planning activities to guide the development of the network plan.

The project was to be funded through a combination of private and public funds and has been supported by Governor Schaefer and the Maryland General Assembly since 1989, and with private contributions of nearly $1,300,000.

The project was unique because of the support of business leaders for building state-wide infrastructure and bringing these leaders to the table with state officials as advocates for better childcare.

Today business is still a full partner in this enterprise, as well as a principal client for the Network. The Network has helped to create 1,345 new family child care homes bringing in $14,500,00in new business revenue for the state, and 119 new or expanded child care centers. Overall it has increased the supply of child care by 12,286 spaces. Most importantly, it has been able to insure increasing quality for all programs through effective on-going training, staff support and technical assistance.

Large and small businesses in Maryland are involved as funders. The network helps their employees to find childcare, developing new resources where needed. And both the network and Maryland businesses are partners in local economic development projects.

Maryland's example is one that is applicable throughout the country and has been responsible for stimulating the development of State-wide Resources and Referral Infrastructure in other States. However, it is evident that the wholesale importation of a successful project from one state to another doesn't always work. Anymore than Maryland could adopt the California Child Care Initiative as a model, New York State cannot totally embrace Maryland's infrastructure plan. The Maryland is lesson that appropriate solutions must arise from community participation and planning and be relevant to community needs and be based on good information and data. This process is especially appropriate in the early childhood field. First of all there are so many needs that must be taken into consideration: the best ways to nurture growth and development of young children in quality settings appropriate to their age; the aspirations and desires of parents for their children; the development of programs and facilities responsive to the needs of both working and non working parents are just a few of the factors involved. Secondly, this is a service marked by enormous diversity - whether the program is called early childhood education or childcare, young children are learning all the time and, whatever the label, the programs must be appropriate and of assured quality. There are day care centers, Head Start, babysitters, family child care providers, grandmas, nannies, nursery schools, pre-k public school programs. Trying to put all these diversified programs, with separate and often unequal funding streams, regulations, and government supervision into a system good for both parents and kids is a daunting job.

The lessons from Maryland are obvious: Gather a diverse group of"shareholders" business, government labor, advocacy groups, providers, parents, teachers. Do your homework--carefully study what exists, what should be and what is practical to happen; compare your situation with the solutions found by others and adopt what fits and discard what is not applicable. Avoid the easy fix,and what is not in the long term economically feasible. Look at the needs off all parents and children--don't divide young children according to their parents economic condition with different expectations and classes of service. Its like anything else, when you arrive at a plan that meets everyone's needs the enormous problems of financing and access easier to solve.

Like you, I have read the findings released by the Inspector General's office about the quality of some early childhood programs. One way to seek solutions the problems of quality control is in the call for stringent federal and state standards to regulate providers. I think Federal standards are necessary--it has been well documented by the Children's Defense

Fund and others that there is great disparity across the country in what states require of early childhood programs. The quality of what is available to children is in direct relationship to what standard are set. I have seen instances where valuable employees refuse to move from one state to another to accept promotions because of the inferior quality of the children's services they will find there. It would be useful if standards set by the federal government could act to insure basic quality across the country with incentives provided for states and localities to go beyond minimum these regulations to further improve quality.

However federal and state rules and regulations alone won't do the job. In order for regulations to be effective, they must be enforced. For childcare an enforcement system has to be flexible, not punitive, and run by people who understand early childhood requirements. In New York City for instance when the inspection of child care centers moved from the inspectors primarily responsible for restaurants to child care specialists--compliance with the regulations and quality improvement multiplied. In Maryland the Childcare Network works with centers and family home providers to do training, technical assistance, and program support. With this attention and care, regulations are surpassed to everyone's benefit.

In this same vein Head Start legislation contains some of the most stringent and forward thinking regulations and requirements, but without anyone making sure a center could live up to these regulations, the quality of some programs Head Start suffered. This was compounded by a national Head Start goal of increasing the numbers of children served regardless of the capacity of the system to support increased numbers. In the current legislation there is a 15% set aside for quality enhancement, giving the system the money and the flexibility it needs to meet the standards set for it. That's a good idea.

You asked me to comment on the relationship of childcare to the welfare reform debate. As an active observer and funder of projects relating to the current Family Support Act, I can assure you that without a practical and well funded childcare component, reform is impossible. A lesson can be learned from the present Family Support Act, it talks about childcare without investing in it. This program seems to ignore the premises that appropriate and positive experiences are important first step to permanent freedom from dependency on welfare. A first goal of any legislation should be that children get the best possible care while their parent is in training and working. Any new legislation should considers that the children we are talking about are those most in need of comprehensive early childhood services to enable them to enter school ready to succeed and to become productive adults. Pushing parents to find childcare in the underground and leaving children with untrained, unregistered persons in possibly dangerous or unsanitary facilities is just not cost productive among other things.

Under the current legislation states are permitted to set a statewide limit as low as $175 a month on what can be spent for childcare. What can such unrealistic amount, well below market rates, let alone actual costs, buy? If you expect the business community to be involved in helping with welfare reform, the assurance of quality and consideration for the needs of the children is essential.

There are some other well documented problems with the Family Support act that I hope new legislation will correct.

. There should be a larger investment in childcare for working poor families not receiving AFDC. It is a shame to see a parent struggle through training, get a job and then not be able to afford to work because he or she cannot pay for the reliable care her children need.

. A set aside of at least 15% of childcare funding for childcare improvements and the development of infrastructure is a very good idea. Part of the very good work that is being done in Maryland is the ability of the Network to take on the tough cases in Baltimore and do hands-on referrals for families that need help in finding childcare the most--and find ways for them to pay for it.

The bottom line is that enough money must be budgeted in any new welfare reform legislation to pay not just for care but the best care possible. State must have an incentive to make this happen.

I am attaching a short history of the Maryland R & R Network project and some of the remarkable results they have achieved.

Thank you for asking me to testify at this hearing.

608 Water Street
Baltimore, Maryland 21202

Phone: (410) 752-7558
Fax: (410) 752-6286

Richard E. Hug
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Sanford I. Weill
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Maryland Child Care Resource Network Backgrounder

Maryland Committee for Children, Inc. (MCC), is a private, non-profit membership organization which, since 1945, has been an advocate for children and their families. Focusing on the needs of the young child, MCC works to improve the quality of early educational opportunities, to increase the availability of child care throughout Maryland, to help parents identify child care programs for their family, to assist employers in the development of supportive work/family policies, and to speak out on matters of public policy for those who are too young to speak for themselves.

The Maryland Child Care Resource Network (Network) is an innovative public/private partnership between government, the business community, and the philanthropic community. The Network is based at and overseen by MCC, which has twice won the leading role of operator of the Network's statewide child care resource center.

Initiated by the Maryland Employers Advisory Council on Child Care, the Network has enjoyed the strong support of Maryland's business community, Governor William Donald Schaefer, and the Maryland General Assembly since its inception in 1989.

The Maryland Employers Advisory Council on Child Care was developed in 1988 by MCC to apply the acumen of a select group of Maryland's corporate, union and government leadership to the problems that have plagued child care delivery in this state. Chaired by Sanford I. Weill, (Chairman, President and Chief Executive Officer of what is now The Travelers), the Council's goal was to develop an effective business plan for improved child care delivery statewide.

With the help of Governor Schaefer, Mr. Weill successfully recruited to the Council the leaders and chief executives of corporations and organizations including PHH Corporation, Baltimore Gas & Electric Company, The Baltimore Sun, Legg-Mason Wood Walker, Inc, Blue Cross Blue Shield of Maryland, Monumental Corporation, Baltimore Council of AFL-CIO Unions, and Nationwide Fulfillment Systems.

Over the next year, the Council reviewed the strengths and weaknesses of Maryland's child care delivery system, compared it to the delivery systems

of Massachusetts and California (which were at the time regarded as the leaders in child care), and considered nationally debated models for improved child care delivery. After substantial study, the Council determined that the child care delivery system of Maryland offered a sound base on which to build, but lacked adequate supports to facilitate the development of quality child care across the state.

To remedy this situation, the Council proposed the initiation of a public-private partnership project that would develop an infrastructure for the state's child care delivery system through the creation of a private, non-profit child care resource center network across Maryland. Ultimately, the Maryland Child Care Resource Network would include a statewide child care resource center (SCCRC) and twelve regional child care resource centers (RCCRCs) in areas corresponding to the state's child care licensing regions.

This Network would delivery an array of services designed to improve and expand child care resources and would actively involve a broadly defined group of "shareholders" in the development of these resources. The Council identified the "shareholders" community to be parents, providers, regulators, employers, educators, labor groups, local and state government, public agencies, and civic charitable, and advocacy organizations.

The Network's proposed services included helping parents find and learn how to evaluate and select child care; providing training to child care personnel and parents to improve skills: offering technical assistance to employers to help companies become more "family friendly': providing assistance to those who are starting new child care programs, expanding existing ones, or struggling to stay in business; collecting data which documents the needs of young children and their families as well as the child care delivery system; engaging in public educational activities to heighten awareness about quality child care and strengthen the delivery system; and serving as a catalyst to foster collaboration among all sectors delivering services to young children and their families.

The Council proposed a three-year demonstration of the Network in order to test the model. The demonstration provided for the creation of the SCCRC and three RCCRCs, one each in an urban, rural and suburban region of the state at a total cost of $7,000,000. In an unprecedented move, the Council agreed to raise approximately one-third of the demonstration's cost from the private sector, provided that the State of Maryland Commit to funding the balance. The Council's proposal is documented in detail in the report, "Shareholders in the Future: Marylanders Invest in Child Care."

In November of 1988, Governor Schaefer endorsed the Council's proposal and during its 1989, 1990, and 1991 sessions, the Maryland General Assembly approved the state's share of the demonstration project's first, second and third year funding. The Network demonstration project was hugely successful, and in 1992 and 1993, the General Assembly approved funding for the continuation of the project beyond the demonstration phase.

The Maryland Committee for Children, Inc. was initially identified through a request for proposals process administered by the Department of Human Resources to be the operator of the statewide child care resource center within the Network. As such, it assumes primary responsibility for the implementation of the demonstration project. In 1993, MCC was again awarded the contract by DHR to guide the Network as the project was funded and extended beyond its demonstration phase.

The Network's overarching philosophy is one of economy of effort and expense. Based on tried and true approaches that work for any business, the Network's centralized SCCRC guides and supports the regional CCRCs without setting local priorities. At the core of the Network stands the belief that regional child care needs throughout the state are best met by those who have the most at stake -- local resource centers and their shareholders.

The SCCRC's role to provide training and technical assistance to regional child care resource centers (RCCRCs), statewide data collection and dissemination, public education and fundraising. The SCCRC sets standards of quality for the Network as a whole and standardizes certain procedures and materials in order to maximize resources and prevent duplication of effort by the regions. Nationally acclaimed manuals and appropriate software have been written and designed by SCCRC staff with input from RCCRCs to ensure a consistent level of quality throughout the system.

RCCRCs are the core deliverers of the services outlined above within their communities and become a focal point for child care activity within each community. In keeping with the Network approach, the need for consistency, however, has always allowed each region flexibility to meet community needs and the ability to use unique local resources. By training RCCRCs to provide services and set priorities for their geographic regions, the SCCRC is able to assure quality service throughout the state. The RCCRCs are able to quickly address local concerns and provide relevant programs to their shareholders, without spinning their wheels in unnecessary duplicative work. The SCCRC was envisioned to facilitate and enhance the work of RCCRCs in order to maximize results.

A request for proposals was issued by MCC to determine the operators of the three RCCRCs within the demonstration. As a result of that process, resource centers were established in Baltimore City (urban), Prince George's County (suburban) and Western Maryland's Washington, Allegheny and Garrett Counties (rural).

In 1989, the Maryland Employers Advisory Council transitioned into the Board of Directors of the Maryland Child Care Resource Network and is now chaired by Richard E. Hug, Chairman of the Board of Environmental Elements Corporation. Since the Network's inception, $1,298,950, has been raised from the private sector in support of this project.

Most noteworthy, however, are the Network's results, which exceeded all programmatic expectations. Between September 1990 (when the Network's three regional child care resource centers joined MCC in providing services) and December 1993, the Network has:

-- helped 61,479 callers find child care for 70,443 children;

-- trained 24,752 individuals who were interested in providing care, improving their programs, or bettering their parenting skills;

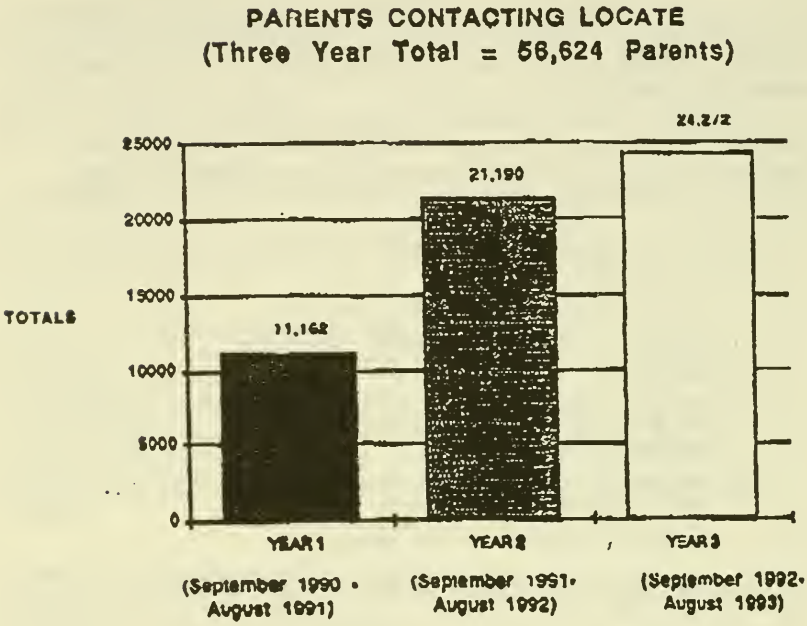
-- assisted 12,758 callers needing information on starting or expanding child care programs/resources;

-- helped create 1,345 new family child care homes (which net an average of $10,753/year/home = $14,462,785 of new business revenue for the state);

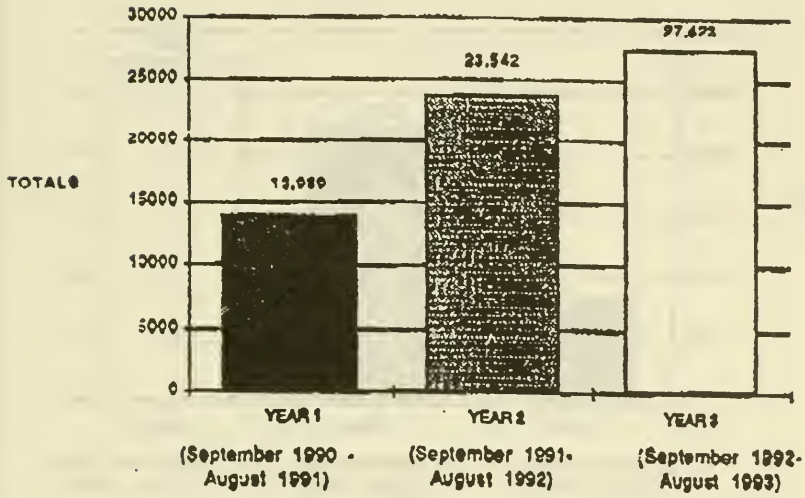
-- helped create 119 new or expanded child care centers; and

-- increased the supply of child care by 12,286 spaces.

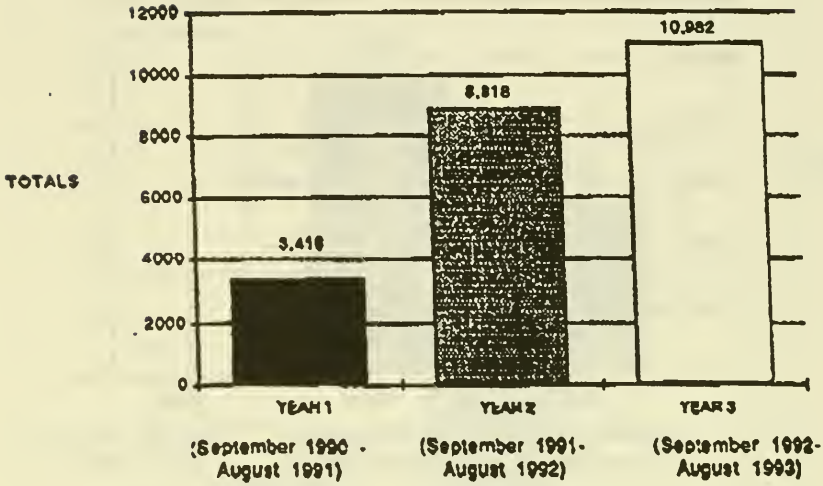
Network Accomplishment Charts



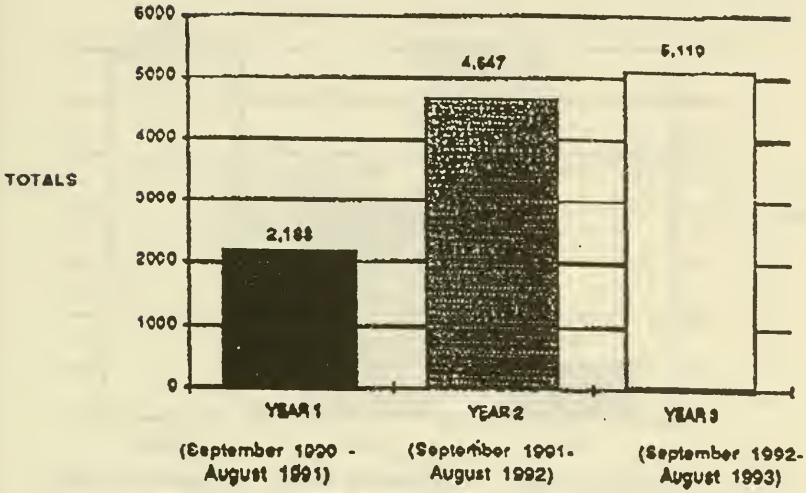
CHILDREN SERVED BY LOCATE
(Three Year Total = 64,954 Children)



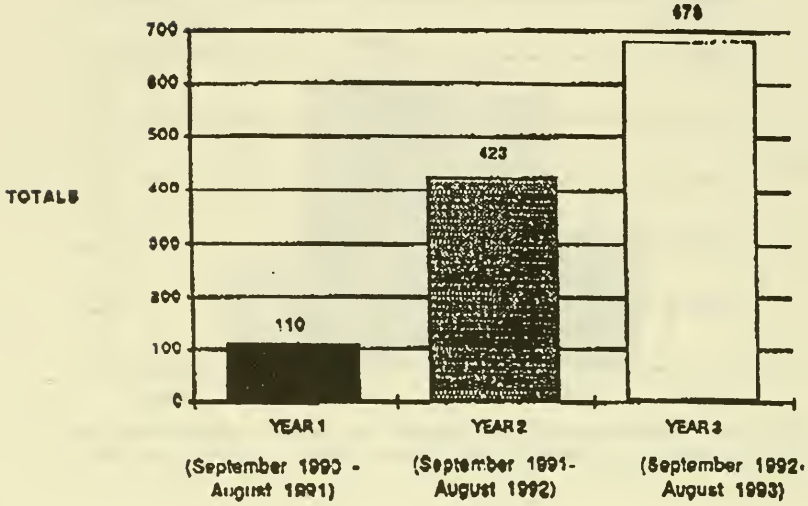
NUMBER OF CHILD CARE PROFESSIONAL AND PARENT TRAINEES
(Three Year Total = 23,216 Trainees)



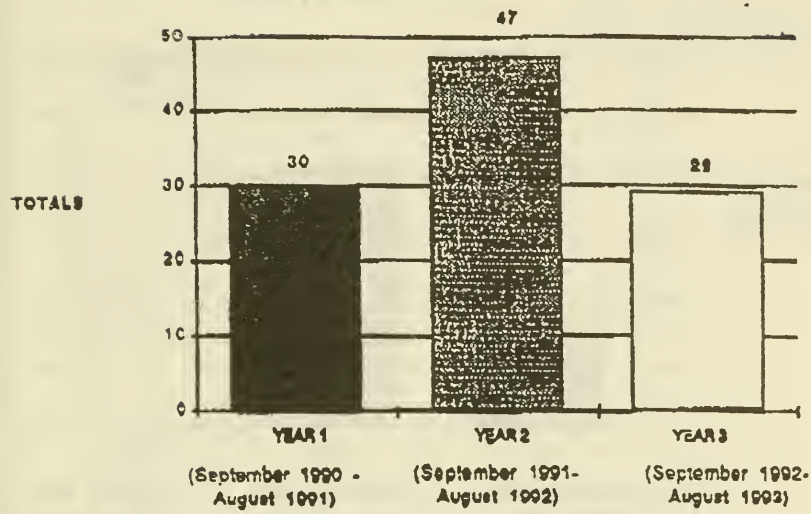
NUMBER OF TECHNICAL
ASSISTANCE CALLS
(Three Year Total = 11,945 Callers)



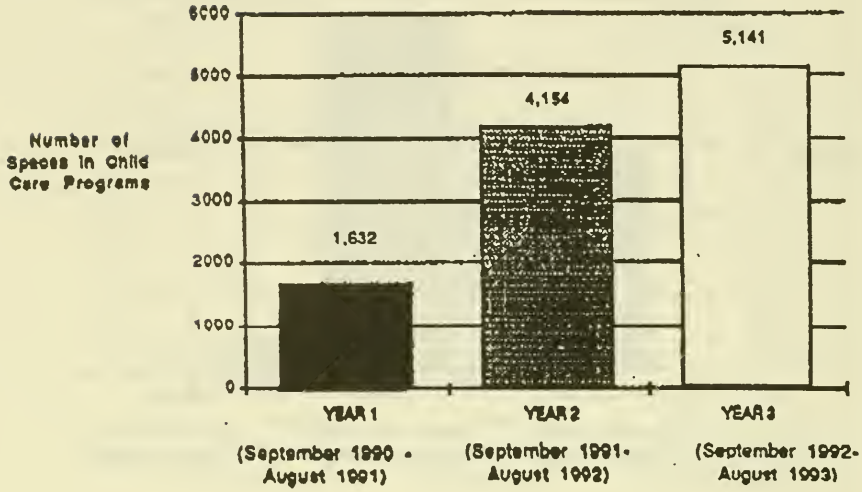
NEWLY REGISTERED FAMILY CHILD CARE PROVIDERS
(Three Year Total = 1,211 Family Child Care Providers)



NEW/EXPANDED CHILD
CARE CENTERS
(Three Year Total = 106 Centers)



NEW SPACES IN FAMILY AND CENTER-BASED CHILD CARE PROGRAMS
(Three Year Total = 10,927 New Child Care Spaces)



State of California | Health and Welfare Agency

M E M O R A N D U M

TO: LARRY BOLTON, MS 17-17

DATE: JANUARY 24, 1994

SUBJECT: LEGAL CASES INVOLVING COMMUNITY CARE LICENSING

FROM: PETER CASTILLO
Legal, MS 4-161
Telephone Number: 657-2398

Below is a summary of published court cases involving Community Care Licensing:

Seering v. Department of Social Services (1989) 194 Cal.App.3d 298. The case approved of the exclusion of the licensee and her spouse from the hearing room and the use of live, closed circuit television of the minor child's testimony. The spouse of the licensee was accused of molesting a four and half year old child. The decision lays out the guidelines for when exclusion is appropriate. The court stated that to exclude the licensee and her spouse did not violate the licensee due process rights to confront the witness.

Adamson v. Department of Social Services (1988) 207 Cal.App.3d 14. The court upheld the State's revocation of Mrs. Adamson's day care center license on the grounds that her husband, who was an officer of the day care center corporation, sexually molested children, even though the molestations did not occur at the facility. The revocation of Mrs. Adamson's license based on her spouse's conduct did not infringe on her marital relationship since the State's interest in protecting children outweighed her constitutionally protected interest in marriage.

Lopez v. McMahon (1988) 205 Cal.App.3d 1510. Mrs. Lopez's application for a family day care license was denied based on her husband's conviction for armed robbery, which was a conviction for which a criminal records exemption could not be granted. The court upheld the application denial since it was permissible for the Legislature, under the rational relation test, to have a blanket rule denying exemptions for persons convicted of certain violent felonies in order to protect children in care. The denial of the application did not infringe of Mrs. Lopez's constitutional right to privacy/marriage as the statute did not dictate who she could marry and any effect on her right to privacy/marriage was incidental and unintended.

Johnson v. Department of Social Services (1981) 123 Cal.App.3d 878. Mr. and Mrs. Johnson operated a private day center and objected to Department regulation prohibiting corporal

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punishment, even with the parent's approval. The court stated that the regulatory prohibition on corporal punishment did not infringe on the parents' constitutional right to raise their children since this right is personal and cannot be delegated to the day care provider. The court recognized the State's interest in protecting children from possible abuse.

Habrun v. Department of Social Services (1983) 145 Cal.App.3d 318. The court upheld the authority to temporarily suspend Mr. and Mrs. Habrun's residential care facility for the elderly license pending an administrative hearing based on allegations of physical abuse and gross negligence which threatened the client's health and safety. The court balanced the interest in protecting the safety of the clients and petitioner's interest in the license. The court held that the State had a compelling interest in protecting the clients and that the State's interest outweighed petitioner's interest, especially since the State provided the petitioner with an expedited hearing.

Woods v. Superior Court (1989) 102 Cal.App.3d 608. The state sought an injunction against operators of unlicensed group homes based on allegations that house parents gave minors liquor, staff left clients unsupervised for days at a time and that staff struck the clients. The court held that in determining whether an injunction should be granted, the trial court must look first and foremost at the danger to the client's health and safety and all doubts should be resolved in favor of removing the clients if there is a showing of a threat to the clients health and safety. Please note that this decision is somewhat moot due to change of language in Health and Safety Code Section 1541 which now states that the court is to grant the Department's request for an injunction, whether harm is shown or not, if the court finds there is unlicensed operation.

Universal Life Church, Inc. v. State of California (1984) 158 Cal.App.3d 533. The plaintiff operated an unlicensed community care facility. The plaintiff filed a request for declaratory relief to prevent an inspection of the facility. The Department filed a cross complaint for an injunction to close the facility. The court upheld the department's right to inspect the facility. The court also stated that changes to Health and Safety Code Section 1541 since Woods gave the Director of the department the absolute right to an injunction upon a showing of unlicensed operation. Finally, the facility was not entitled to faith healing exception to licensure as the facility did not use prayer to heal clients as shown by the fact that clients had regular doctors.

Montessori Schoolhouse of Orange County, Inc. v. Department of Social Services (1981) 120 Cal.App.3d 248. The department revoked the operator's license to operate three day care centers after an administrative hearing. The licensee did not file writ to overturn administrative decision. The licensee sought declaratory relief, claiming that the department had no jurisdiction to license the facilities as the facilities were schools, not day care centers. The court disagreed since the facilities were primarily designed to watch children, not to educate them, especially considering the fact that the children were between the ages of two and five. The court noted that the primary purpose of the department was to protect persons who could not protect themselves.

Kate's School v. Department of Health (1979) 94 Cal.App.3d 606. The department revoked petitioner's license to care for developmentally disabled children after an administrative decision. The facility used corporal punishment in order to discourage the clients from bad behavior. The court held that regulations prohibiting corporal punishment were not so vague as to make the regulations unconstitutional. The prohibition of corporal punishment is absolute and it does not matter even if the licensee has good intentions in spanking a child. The regulatory prohibition was not an unconstitutional infringement of parental rights to delegate power of corporal punishment since State has an important interest in protecting the children. Also, Health and Safety Code Section 1550(c), prohibiting conduct inimical to clients or the people of the State of California, permits the department to use as a basis for revocation violations of regulations from other agencies which the licensee must follow.

North Valley Baptist Church v. McMahon (E.D.Cal 1988) 696 F.Supp. 518. The plaintiff was a church which operated a day care center. The church sought to have declared unconstitutional the State's day care center statutes as they applied to the church's facility. The court held that statutes did not infringe upon the free exercise of religion clause to the Constitution. The state had a compelling interest in protecting children which outweighed the church's right and a less obstructive means of regulation, which would effectively protect the children, was not available. The state was not entangled in the church's operation of the day care center as the State explicitly stated that it would not get involved with church's teachings at the day care center. Also, the prohibition on corporal punishment did not infringe on the right to free exercise of religion as the church did not show that corporal punishment was mandated in their teachings.

Rush v. Obledo (9th Cir. 1985) 756 F.2d 713. The court held that the department had the right to make unannounced, warrantless visits to family day care homes, provided that the department only inspected during day care hours and only inspected portions of the home where day care occurred. The court held that family day care homes were a highly regulated business and the department had a compelling need for unannounced visits to ensure compliance and to protect children. This compelling need outweighed the provider's privacy interests. However, the court limited when and where department visits could be made because a family day care facility is located in the provider's home and not just a business where a person would have a lower expectation of privacy.

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BALTIMORE CITY
CHILD CARE RESOURCE CENTER

DUANE C. DENNIS,
EXECUTIVE DIRECTOR

TESTIMONY

BEFORE THE SUBCOMMITTEE ON
REGULATION, BUSINESS OPPORTUNITIES, AND TECHNOLOGY
COMMITTEE ON SMALL BUSINESS
UNITED STATES HOUSE OF REPRESENTATIVES

CONCERNING

AVAILABLE CHILD CARE SERVICES
FOR JOBS PARENTS

BY

SANDRA HACKLEY
DIRECTOR LOCATE: CHILD CARE
BALTIMORE CITY CHILD CARE RESOURCE CENTER
1401 MOUNT ROYAL AVENUE
BALTIMORE, MARYLAND 21217
(410) 728-8844

FEBRUARY 11, 1994

BALTIMORE CITY
CHILD CARE RESOURCE CENTER

DUANE C. DENNIS,
EXECUTIVE DIRECTOR

Sandra Hackley

My name is Sandra Hackley and I am the director of LOCATE: Child Care at the Baltimore City Child Care Resource Center (BCCCRC), a component of the Maryland Child Care Resource Network. Through a contract with the Maryland State Department of Human Resources, LOCATE: Child Care provides an enhanced child care resource and referral service for JOBS participants in both Baltimore City and Prince George's County. This enhanced service includes:

- Providing parents with improved access to CCR&R services through a private telephone line;
- Providing parents with information regarding the regulated child care options available in their community, along with information on applicable child care regulations;
- Providing individualized telephone counseling sessions to assist parents in becoming educated consumers of quality child care programs;
- Gathering information from parents to assist the counselor with the child care search;
- Calling providers and/or center programs to check on current vacancies;
- Providing referrals to programs and/or providers that are known to have vacancies at the time of referral;
- Providing parents with back-up lists of providers and/or center programs as needed;
- Providing on-going support through regular contacts with the parents and providing additional referrals as needed;
- Contacting 100% of the enhanced users to gather follow-up information to determine the parent's satisfaction with their child care arrangement and the LOCATE service; and
- Providing periodic reports to subscribers on their utilization of the LOCATE service, preferences and needs for child care and the availability of programs in the community.

Parents who have accessed this enhanced level of service have found caring, knowledgeable counselors who take the time to answer their questions, listen to their concerns, offer valuable community information, and empower them with knowledge to choose the best child care arrangement for their family. All LOCATE counselors have child care experience which they draw on when educating parents about choosing quality child care arrangements. LOCATE: Child Care firmly believes in the parent's right and responsibility to choose the child care that best meets the needs of each individual child and family.

From working with many JOBS parents in Baltimore City, LOCATE has been able to document barriers to finding child care. If parents are unable to find regulated child care, it is usually because of:

- Limited care for infants;
- Limited care for school-age children;
- Limited numbers of family providers or center programs willing to care for children before and/or after half-day preschool, Head Start, or kindergarten programs; or
- Limited numbers of family providers or center programs willing to provide the needed transportation to and/or from school-age or half-day preschool, Head Start, or kindergarten programs;

According to follow-up information gathered from parents four to six weeks after calling LOCATE, 74% of parents normally find care, 11% are unable to find care, 9% decide care is not needed, and 5% are still searching for care. Parents who are unable to find regulated child care often try and find a friend or relative to care for their children. These arrangements usually work for a short period of time, but as in the case of Carolyn Bates, informal care providers (friends or relatives) often decide not to provide the care for an extended period of time. If regulated care is not available, parents end up right back where they started and decide to hold off on their training, school or job until child care is available. LOCATE: Child Care never gives up on a parent. Counselors continue to search areas for care on a regular basis to see if new care is found.

LOCATE: Child Care also works with the technical assistance arm of the BCCCRC (TECHNIC: Child Care) to document areas of need for recruitment of child care programs and family child care providers. The BCCCRC also works with persons interested in starting new child care programs to let them know areas of child care need in Baltimore City. Since quality child care is as important as availability, the BCCCRC provides training workshops for all child care professionals to help them meet the developmental needs of the children in care. Through parent education, community involvement, training, and technical assistance, the Baltimore City Child Care Resource Center has become an integral part of the child care community in Baltimore City.

February 5, 1994

The Honorable Ron Wyden
Subcommittee on Regulation, Business
Opportunities and Technology
B363 Rayburn
House Office Building
Washington, D.C. 20515

Dear Congressman Wyden,

A little over ten years ago, my six month old daughter, Elizabeth, was violently shaken by a neighbor's nanny. She was paralyzed on the right side of her body, in coma for eight days, had seizures, and was permanently blinded. The nanny had been referred by a Nanny Referral Organization with little or no screening. The nanny was subsequently convicted of felony child abuse, but amazingly, the judge allowed her to be a nanny again in a family with three small children and a baby on the way.

According to Dr. Randy Alexander, an expert at the University of Iowa in Shaken Infant Syndrome, the recidivism rate for perpetrators of Shaken Infant Syndrome is 100%. The thought that this caregiver, this convicted child abuser, this walking time bomb, could obtain employment in the home of an unsuspecting family forever altered me and catapulted me into being a citizen activist for children. My pain and grief for my daughter were channelled into the political arena where, after two pilot programs, and four pieces of legislation, the TRUSTLINE program was signed into law, enabling all children in California to be protected from known child abusers.

The issue of quality in childcare has only recently been addressed; we have focused most attention on availability and affordability. As a parent who has known the horror of abusive childcare, it is unconscionable to me that we subsidize childcare through state and federal programs without systematically addressing the quality issue. In California, under our Federal Block Grant Program, finger-print background checks on applicants for caregiver positions for families in the Federal Block Grant Programs, revealed a 7% rate of disqualifying criminal and child abuse histories under the Trustline program. This is to say, without the protection provided through Trustline, 7% of our families, or 154 out of the first 2,220 families to benefit from this protection, would have had people with known criminal histories or histories of child abuse caring for their children. According to the Center for Child Protection, the approximate recidivism rate in cases of child abuse is 33%. Is this type of background check cost effective?

Elizabeth's case provides us with conservative costs as she is now recovered, is in the top 5% of her class, and by all accounts is a bona fide "miracle" with regards to health and mental ability following such a severe injury. The court costs for Elizabeth's caregiver's three day non-jury trial in Alameda County in 1983 were $150,000. This does not include the preliminary hearing costs, the investigative costs on the part of Child Protective Services and

the Police Department, the on-going medical costs ($400,000.00), the special education costs (estimated at $50,000.00 per year since she was 16 months), the physical and occupational therapy costs paid for by school districts, private insurance and California Children Services. We were fortunate in that we had excellent insurance; families in federally subsidized programs generally do not. From my perspective, the moral imperative to prevent a crime against a child should drive our decisions. But if we only want to look at the cost of doing business, the dollars saved by state and federal governments in doing finger-print background checks on caregivers and making them allowable costs under federally funded programs makes good economic sense. This is why the California legislature and governor overwhelmingly supported Trustline and its expansion to our subsidized childcare programs and why we are anxiously awaiting federal approval from the Health and Human Services Agency (Mary Jo Bain) to make Trustline an allowable cost for federally funded programs in our state.

What can the federal government do to help? Trustline is an example of one state's attempt to augment its licensing system and provide the same type of background check available in licensed care to non-family, license-exempt providers (babysitters, nannies, one-child caregivers, and programs that provide childcare on site). It in effect is closing the childcare system to perpetrators who prey on children or who, because of their crimes (eg. murder, willful cruelty to children, the sale and possession of PCP, to name a few) are not appropriate caregivers for children. As a parent, I was shocked to find out that my tax dollars were hiring convicted child abusers. If they were in California, they are in other states, too. It is an outrage. We have the technology and the systems to protect our children. We have lacked the focus and the will.

Virtually 50% of our GAIN parents choose in-home, license-exempt care. This is also the care of choice for babies and the families with children who have disabilities. It is most often the type of care chosen for "respite" programs as well. These are vulnerable populations, yet "in-home" care is the least addressed area in the childcare field, and the most unregulated. Why?

I was told ten years ago that no one had come up with a feasible way to address quality issues in exempt care (in-home care). Programs such as Trustline can be pilot programs for the nation. Perhaps they can be subsidized in some way, so that all families have equal access to protection, regardless income level. Legislation, such as the Winfrey Bill, can help bring other States on line in the licensed care arena. If federal dollars only paid for care where the provider was either a relative, or screened through some system such as a Trustline or licensed care which required a finger-print background check, I guarantee that every State would quickly find a way to protect its children too. The implications of this simple intervention towards child abuse prevention are profound when we consider some form of national health care. I believe, as most professionals in our State Department of Social Services believe, this is cheap child abuse prevention.

Trustline is not just prevention through the screening for people who have child abuse and criminal histories. It is a program that provides education about how to choose care and emphasizes that it is but one tool in the selection of good child care. When I speak to organizations, the media, and the legislature, I always put the background check in the context of the larger quality issue. But it is a basic quality issue; one that is easily addressed.

I was pleased to hear that the subcommittee is looking at the issue of quality in childcare and ways the federal government might help. I would be pleased to help you in any way I can and thank you for all your efforts on behalf of parents and their children.

Sincerely

Mary Beth Phillips
19 Harrington Rd.
Moraga, Ca 94556
510-376-7938

American Academy of Pediatrics

STATEMENT FOR THE HEARING RECORD

submitted to the

REGULATION, BUSINESS OPPORTUNITIES AND TECHNOLOGY SUBCOMMITTEE

of the

HOUSE SMALL BUSINESS COMMITTEE

regarding the

DAY CARE FACILITIES HEARING OF FEBRUARY 11, 1994

Statement Submitted:

March 11, 1994

Department of Government Liaison
The Homer Building
601 Thirteenth Street, N.W.
Suite 400 North
Washington, D.C. 20005
202-347-8600 / 800-336-5475 / FAX: 202-393-6137

The American Academy of Pediatrics (AAP) is an organization of 47,000 pediatricians dedicated to the health, safety and well-being of infants, children, adolescents and young adults. We would like to commend Representative Wyden and the other members of the Subcommittee for holding the hearing on the national day care situation, day care availability and quality of day care facilities.

Background. As all pediatricians and parents know, infants and children need a safe, secure environment, with competent, concerned caregivers. The Norman Rockwell view of the American family -- where child care is provided in the home by a full-time homemaking mother, supported by a full-time working father -- has never been typical, and today represents less than ten percent of families in this country. More than 50 percent of mothers with children under one year of age are in the out-of-home workforce. Greater than 60 percent of mothers with children under three are similarly employed. This applies to both single-parent and two-parent households.

Children in working parent families need alternative care. But placing children in out-of-home care should not present undue health or safety risks. Horror stories of unsupervised children falling down wells or dying in fires occur far too frequently. Inadequate licensing procedures and haphazard enforcement allow too many unhealthful and even life-threatening child care facilities to operate.

The United States is one of the only industrialized countries in the world that does not uniformly regulate and promote quality child care. Poor quality care provided by inadequately trained, overworked, and under paid caregivers is not acceptable.

National Health and Safety Standards. What are the basic health and safety considerations in out-of-home child care programs? First, a child must be safe and protected from hazards and potential injuries. These include both unintentional injuries (e.g., falls from swings and slides) and intentional injuries (e.g., aggressive acts such as biting and hitting, including child abuse). A child must also be protected from potentially serious infectious diseases, such as measles, meningitis, hepatitis, and gastroenteritis. It may be impossible to prevent the spread of infections such as upper respiratory infections and colds, but the potential for serious infectious diseases should be reduced to a minimum.

In 1988, when the Congress was considering the Act for Better Child Care, the Academy testified that promulgating national standards, providing training for caregivers, and strengthening of licensing and enforcement would positively affect the entire child care system throughout this country. As we testified then, when all child care providers are trained to implement and to maintain health and safety standards, out-of-home care may well offer a number of potential health benefits. Examples of such benefits are improved immunization status, early detection of vision or hearing impairments and health education for children and their parents.

In 1988, there were no national standards or guidelines for child-staff ratio, group size, or child health or safety programs in out-of-home child care settings. We testified that the absence of such standards impedes the ability to guarantee a minimum level of quality for regulated child care and to protect and maintain the health, safety and development of children enrolled in out-of-home care.

AAP/APHA National Performance Standards. Since that time, a 400-page set of child care standards was developed jointly by the American Academy of Pediatrics and the American Public Health Association (APHA), with funding from the Maternal and Child Health Bureau of the United States Department of Health and Human Services. These standards, entitled "Caring for Our Children -- National Health and Safety Performance Standards: Guidelines for Out-of-Home Child Care Programs," were published in 1992 and address the needs of infants, toddlers, preschoolers and school-age children through age 12.

The standards were conceived through an interdisciplinary approach, and were reviewed by hundreds of child care providers, consumers and health professionals. They were tested in sites across the country and have been extensively disseminated to caregivers, regulators, and health professionals who are involved in the field of out-of-home child care. (We have attached a copy of the introduction to the Guidelines, which explains in more detail the process through which they were developed.)

The AAP/APHA standards address, among other topics, staffing, nutrition and food services, infectious diseases, and administration and facilities, and include recommendations for licensing and community action. In addition, the standards emphasize the need for caregivers to recognize signs and symptoms of child abuse and to understand their responsibilities for reporting recognized or suspected abuse. The standards also deal with avoiding abuse in child care settings.

The AAP/APHA standards were intended to be used to plan and establish a quality program of child care -- to serve as goals for practice and guidelines for implementation. The intended audience for these standards is the general child care system in the United States, including both privately and publicly funded

facilities, such as child care centers, large and small family-child-care homes, before-and after-school programs, public schools, Head Start, and organized part-time programs. We hope that policymakers, too, will find these standards useful.

A copy of the Table of Contents of "Caring for Our Children..." is also attached so that the Subcommittee can see the full range of issues addressed in this comprehensive publication. Of course, we will also make the full publication available to your staffs.

Conclusion. There is every indication that the increase in the numbers of children being cared for in out-of-home settings will continue. In the midst of frantic attempts to increase the supply of care to meet this rapidly growing demand, parents, health care providers, early childhood educators, and legislators must assume responsibility for ensuring that the care available is safe and promotes health and well-being.

The issues involved are multiple, but the bottom line is the need for greatly increased resources for child care, beginning with adequate pay and benefits for the providers and additional funds for training, technical assistance and regulation.

Pediatricians stand firmly behind measures to help safeguard the health and well-being of children in child care settings, and we offer you whatever assistance we might provide to ensure that such safeguards are achieved.

Attachments

National [illegible] and [illegible]y Performance Standards: Guidelines for Out-of-Home Child Care Programs

A Joint Collaborative Project of the

American Public Health Association
1015 Fifteenth Street, N.W.
Washington, DC 20005

and the

American Academy of Pediatrics
141 Northwest Point Blvd.
P.O. Box 927
Elk Grove Village, IL 60009

Support for this project was provided by the
Maternal and Child Health Bureau,
Health Resources and Services Administration,
Department of Health and Human Services
(Grant # MCJ 113001)

Introduction

In an MCH panel discussion at the APHA meeting in 1943, Dr. Leona Baumgartner said it was important that

> . . . Health standards [in child care centers] be maintained in the new centers and that these standards include a safe and clean environment [and] a medical and nutritional program that safeguards the health of the young child, and a staff of warm, friendly adults who will allow children to make the best of their innate possibilities and recognize the marked differences in the mental, physical and emotional make-up and needs in individual children and in children of various ages.

The principles enunciated by Dr. Baumgartner, a pediatrician and public health administrator, apply just as much today as they did almost 50 years ago. At present, no set of health standards that can be applied to child care programs on a national level exists. The set of standards contained in this monograph, which was jointly developed by the American Public Health Association and the American Academy of Pediatrics, addresses this important need. These standards have been conceived through an interdisciplinary approach and have been broadly developed, widely reviewed, and extensively disseminated to caregivers, regulators, and health professionals who are intimately involved in the field of out-of-home child care.

Before standards are defined or discussed, the terms *recommendation, guideline,* and *regulation* should be defined and discussed.

A *recommendation* is a statement of practice that potentially provides a health benefit to the population served. It is usually initiated by an organization or a group of individuals with expertise or broad experience in the subject matter. It may originate within the group or be solicited by individuals outside of the organization. A current recommendation is that the *Haemophilus influenzae* type b conjugate vaccine be administered to children 2 months to 5 years old who are in facilities. A recommendation is not binding on the practitioner; that is, there is no obligation to carry it out. A statement may be issued as a recommendation because it addresses a fairly new topic or issue, because scientific supporting evidence may not yet exist, or because the practice may not yet enjoy widespread acceptance by the members of the organization.

A *guideline* is a statement of advice or instruction pertaining to practice. Like a recommendation, it originates in an organization with acknowledged professional standing. Although it may be unsolicited, a guideline is developed in response to a stated request or perceived need for such advice or instruction. Examples of guidelines are contained in the American Academy of Pediatrics' *Manual on Guidelines for Perinatal Care,* 2nd Edition, which provides comprehensive instructions on the health delivery practices to be followed around the time of pregnancy and birth.

A *regulation* takes a previous recommendation or guideline and makes it a requirement for compliance by an operating agency. A regulation originates in an agency with either governmental or official authority and has the power of law. Such authority is usually accompanied by an enforcement activity. Examples of regulations are state regulations pertaining to health and safety requirements for caregivers and children in a licensed child care center: immunizations required of preschool-age children, annual tuberculosis screening of caregivers, and so on. The components of the regulation, of course, will vary by topic addressed as well as by area of jurisdiction (e.g., municipality or state). Because a regulation prescribes a practice that every agency or program must comply with, it usually is the minimum or the floor below which no agency or program should operate.

A *standard* is a statement that defines a goal of practice. It differs from a recommendation or a guideline in that it carries a great incentive for universal compliance. It differs from a regulation in that compliance is not always required. It usually has a base of legitimacy or validity based on scientific or epidemiological data or, when this evidence is lacking, it represents the widely agreed upon, state-of-the-art, high-quality level of practice. Thus the agency, program, or health practitioner that does not meet the standard may incur disapproval or sanctions from within or outside the

organization. Two examples of standards may be cited: all children should be immunized against diphtheria, tetanus, pertussis, polio, measles, mumps, and rubella on entry into first grade, and all pregnant women should begin prenatal care as early as possible in the first trimester of pregnancy. Given this definition, standards are indeed the strongest criteria for practice set by a health organization or association.

The National Research Council's recent report, *Who Cares for America's Children? Child Care Policy for the 1990's*,[1] calls for "uniform national child care standards—based on current knowledge from child development research and best practice from the fields of public health, child care, and early childhood education—as a necessary... condition for achieving quality in out-of-home child care. Such standards should be established as a guide to be adopted by all states as a basis for improving the regulation and licensing of child care and preschool education programs.... Based on existing knowledge, it is possible to specify reasonable ranges for standards to govern many important features of child care, including staff:child ratios, group size, caregiver qualifications, and the configuration of physical space."

What are the basic health and safety considerations in out-of-home child care programs? First, a child must be safe and protected from hazards and potential injuries. These include both unintentional injuries (e.g., falls from swings and slides) and intentional injuries (e.g., aggressive acts such as biting and hitting). A child must also be protected from potentially serious infectious diseases, such as measles, meningitis, hepatitis, and gastroenteritis. It must be acknowledged that it may be impossible to prevent the spread of infections such as upper respiratory infections and colds. Child care settings cannot be and should not be aseptic and germ-free environments, but the potential for serious infectious diseases should be reduced to a minimum. Caregivers can be active partners with the child's parents and health professionals in primary prevention, early detection, and prompt treatment of illness or disease.

Facilities must also provide a setting for nurturing and affection. They should not only protect a child, but should also promote the achievement of his or her fullest potential in both physical and psychological health.

The standards contained in this monograph were initially formulated by 10 technical panels composed of experts in each area: Environmental Quality, Prevention and Control of Infectious Diseases, Injury Prevention and Control, General Health, Nutrition, Prevention and Management of Child Abuse, Staff Health, Children with Special Needs, Health Concerns Related to Social Environment and Child Development, and Health and Safety Organization and Administration. Over 130 individuals with professional backgrounds in medicine, nursing, social work, health education, nutrition, sanitation, psychology, early childhood education, law, and other related fields were involved in the development of the standards. This group was ethnically and geographically diverse. Under the guidance of an editorial committee, the standards have been arranged in an order that facilitates their use by providers and regulators of child care programs.

Two constituency-building activities were conducted with drafts of the standards in order to develop a consensus about what constitutes good practice in child care. In a national review of the standards, hundreds of individuals across the country who were representative of the intended users reviewed the standards' content. In a field assessment of the standards, caregivers and advocates, legislators, educators, health professionals, and health and regulatory agencies in five states and two cities reviewed the standards in terms of implementability, acceptability, and usability. The comments from both review activities, including comments critical of the draft standards, were considered and evaluated and the standards revised, as deemed appropriate by the technical panels based on their scientific and professional judgment. The use of the word *national* in the title reflects this gathering of input from large numbers of experts to reflect the field and this consensus of good practice. Because these are national guidelines, local variability cannot be addressed. However, some standards may need to be modified to be more appropriate for a given locality (e.g., urban/rural), climate, or geography.

It should be noted that two concurrent activities took place during the development of the standards. One was a survey of selected state/municipal licensing regulations for out-of-home child care facilities as they were in effect in the summer of 1988. The objective of that survey was to provide a national perspective on the content and level of current regulations as they pertain to standards in each area of health and safety

[1] *Who Cares for America's Children? Child Care Policy in the 1990's.* National Research Council Report. National Academy of Sciences, Washington, DC, 1990.

addressed by the APHA/AAP project. A wide range of coverage was found, with many states lacking basic standards in prevention of infectious disease and injuries, and other states having very detailed standards covering many aspects of child care. Many gaps were also found in the areas of children with special needs, staff health, and nutrition. These were areas of new knowledge and new concern, and had not yet been addressed by many states.

The other activity was a survey of model health and safety program practices in the 10 technical panel areas. These practices were identified by various individuals and agencies closely involved in the child care field, and the practices were described by the staff of the facilities identified. Although a number of innovative practices were described in areas such as injury prevention, prevention of infectious disease, staff health, and prevention of child abuse and neglect, there was relatively little mention of collaboration between facilities and health professionals and agencies.

The intended audience of these standards is the general child care system in the United States. The system includes both privately and publicly funded facilities, such as child care centers, large and small family-child-care homes, before- and after-school programs, public schools, Head Start, and organized part-time programs. Individuals who direct or work in facilities should be the ones most concerned with the intent and content of these standards. Individuals and agencies involved in licensing and regulation of facilities should also use these standards frequently. Health professionals involved as caregivers or consultants to facilities should find these standards pertinent and relevant to their activities. Lastly, developers, sponsors, policymakers, and advocates for facilities also will find these standards useful.

These standards should be used to plan and establish a quality program of child care. The project leadership intended these standards to serve as goals for practice and as guidelines for implementation. It is readily recognized that some standards are more easily implemented than others for cost or other considerations. In addition, implementation of certain of these standards may be prohibited in some jurisdictions by state or local laws. Thus the standards should not be used as rigid criteria to evaluate the quality of the programs or facilities. They were developed to represent neither the minimal acceptable level of performance nor a platonic ideal, but rather to occupy the area between minimal acceptable practice and the ceiling beyond which additional effort and expertise would not yield commensurate improvements in health and safety. As new knowledge and innovative practices evolve, the standards themselves should be modified and updated.

Elsewhere in this monograph are listed the many contributors to the development of these standards. The project leadership owes each and every one of these individuals a profound debt of appreciation and gratitude.

The financial resources that are necessary to make child care a healthful experience may not be available or forthcoming in the near future. Nevertheless, we must continue our efforts to create in every child care setting a healthful, safe, and nurturing environment for our children, our most valuable natural resource and our future. We also must focus attention on the caregivers themselves, and must set standards that promote work environments that support them so that they may provide care that fosters child growth and development. We realize that the setting of these standards will require a greater financial commitment than our society has previously been willing to provide. It is not realistic to assume that this additional cost can or should be borne solely by parents. In other developed countries, considerable government funds pay for much of the cost of child care. In our pluralistic society, it is reasonable to expect not only government but voluntary agencies as well to invest more in our future. Employers are increasingly involved in providing or subsidizing this service for their employees' children.

We would be remiss if we failed to note that one of the major deterrents to improving heath and safety in out-of-home child care settings is the rapid turnover of caregivers. This turnover is largely due to the extremely low levels of income earned doing this vital work. Funds must be found to improve the income and working conditions of caregivers so that the tremendous expense of constantly training new caregivers can be minimized, and so that our children will have the continuity of caregivers so vital to their emotional development as well as their physical health and safety.

Albert Chang, MD, MPH
George Sterne, MD
Co-Chairs, Central Steering Committee

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North Carolina Voice for Child Care, Inc.

5306 Wales Street Charlotte, North Carolina 28269

"A Nation Can Be Built or Destroyed...One Child At A Time"

Statement regarding OIG Audit dated 3/24/93 of North Carolina Child Care safety enforcement.

North Carolina Voice For Child Care, Inc. is a North Carolina non profit corporation which serves as a professional trade association for several hundred licensed child care operators in North Carolina. We are not an agency of the state government and, in fact, sometimes disagree with state regulatory authorities.

We have read the March 24, 1993 audit report by the Office of the Inspector General relating to the enforcement of safety regulations in North Carolina child care facilities. Without any input or consultation from the state, we have reached our own conclusions about the report and wish to forward them to the members of Congress.

We find the report dated March 24, 1993 to be unscientific, sloppy and virtually useless as a meaningful research tool. We are somewhat surprised that the federal government, which seeks to monitor compliance with federal standards, would have such lax standards for its own activities.

On page 4 of the audit, the OIG states that "our review was conducted in accordance with generally accepted government auditing standards where applicable". If true, this is a strong indication that the federal government needs to "look in the mirror" and develop some realistic standards for its own activities.

Virtually all of the conclusions of the audit are premised on the inspection of only 27 child care facilities in North Carolina. Of the 27, only 18 are regulated by the authorities who regulate and monitor compliance with regulations affecting child care centers such as those operated by our members. Foster care in North Carolina is regulated separately from "day care" and Head Start.

While an argument can be made that all child care arrangements should be regulated by the same state authorities, there is no federal requirement for such a regulatory scheme. Imposing one would be another example of the "Washington knows best" theme explicitly rejected by President Clinton and Vice President Gore in their attempts to "reinvent government".

We have no opinion one way or another about the use of separate regulatory schemes for child care and foster care. We do, however, think that it is important to consider each program separately if they are in fact regulated separately. Combining data willy nilly without regard to the implications for each regulatory scheme can produce very flawed results. Adding a chart, as the OIG did after the fact, to show some separation of data does not correct the basic flaw of combining "apples and oranges".

With regard to the 18 "judgmentally selected" centers studied, we found no statement of how many of the centers were operating "in compliance" and how many were operating "out of compliance". Nor is there any indication of how the centers were selected. We do know of anecdotal evidence that OIG specifically looked for centers with problems. [1]

In its response to the state governments critique of the initial draft of the audit, OIG acknowledges that its conclusions "were not supported by a statistically valid sample" (Audit Report page 22). Yet the agency goes on to assert that "sufficient evidence was established to illustrate a systematic weakness in the State's operational procedures requiring some attention."

To illustrate the silliness of OIG's assertion, consider an "audit" of the 535 members of Congress. A sample of 18 out of 6,565 day care and head start facilities represents about .27% of all such facilities. A similar sized sample of Congress would be composed of about 1.47 members.

If any entity sought to prove that members of Congress had "a systemic weakness" for any vice the entity could do so with a sample consisting of no more than 1.5 members of Congress. Even if members of Congress have ethical standards and mental abilities far higher than the public at large (not necessarily a provable hypothesis), it would not be difficult to find 2 members (it being difficult to locate a legislator representing only one half of a member) who illustrate one or more moral or mental deficiencies. To impute the abilities of the 2 members to the entire 535 is too ludicrous to even consider with a straight face.

Do members of Congress really wish to be judged "guilty" of whatever vice any one or two members may exhibit?

The entire audit is so poorly documented as to be worthless.

The audit document also contains errors which tend to negate its credibility. It states, for example, that the composition of the Child Day Care Commission is not dictated by statute. It is and has been for many years. It states that operators of small day care centers do not need to have a fenced in outdoor play area. This is not true. All licensed facilities must have fenced play areas. Given the cursory and sloppy way the audit was conducted, these errors are not surprising. They are, however, illustrative of the problems with the audit.

The statement that the Child Day Care Commission is partially composed of child care providers is incomplete and misleading. The providers are not nominated or appointed by self governing trade or professional organizations (like the American Bar Association or a medical society.) They are all political appointees. By statute some of them must be providers of services, but the "industry" itself has no control over who the persons will be. The elected leadership of the state (the Governor and certain legislative leaders) are responsible and accountable for making the appointments. The appointees tend to reflect the philosophy of the state's elected leadership rather than any narrow parochial interests.

The requirement that the Child Day Care Commission have some representation by providers serves the legitimate state interest in seeing that persons with real world expertise in child care issues are involved in child care regulation. It should also be noted that some of the providers represent non profit facilities. Furthermore, the various classes of providers (large day care homes, small for profit day care centers, large for profit centers, small non profit centers, etc..) generally do not have similar interests or concerns.

Attendance at Child Day Care Commission meetings is good. Any concern that provider members could outnumber public members (and presumably enact rules favorable to the industry) is unfounded. For one thing, the North Carolina's administrative rule making process requires actions at multiple meetings over the course of many months. Members look to both the professional regulatory staff and the state's elected leadership for guidance on controversial issues. Finally, the broad range of providers (non profits, for profits, small, large, etc.) makes it nearly impossible to form a purely self interested majority.

With regard to the audit's findings that sanitation and safety requirements are not sufficiently enforced, we again state the obvious conclusion that the size and selection of the sample were so inadequate that such a finding cannot be properly documented.

We also disagree with the implication that day care regulators should conduct fire, sanitation and building code inspections. State day care "consultants" do look for any problems with regard to such matters, but it is reasonable for the primary responsibility to be left to those who have expertise in such matters. To develop parallel expertise within the Child Development Division would be wasteful and a poor use of scarce state resources. Since the audit contains inadequate data to determine the actual performance ability of county inspectors, there is no legitimate basis for concluding that the North Carolina system is not working. From a theoretical point of view, keeping the responsibility in the hands of recognized experts (county building inspectors and local health inspectors) makes good fiscal and safety sense.

With regard to the recommendation that employees in child care centers undergo criminal background checks, we do not object to such a requirement. We have supported legislation (not yet enacted) in our state to provide for such checks.

We disagree that state regulations are vague. On the contrary, they are explicit and numerous to an extraordinary degree. As noted, the OIG misstated the one fact situation used to back up its contention that the regulations are vague. (The "fenced yard" example.) There has been virtually no litigation about regulations (a common indication of excessive vagueness). Furthermore, we know of no example where the vagueness of a regulation has led to the injury of any child. When injury occurs, it is usually due to violation of a regulation, not vagueness.

The North Carolina legislature took steps in 1993 to add consultant positions and address the staffing concerns raised in the audit.

The state already collects and disseminates information to child care providers and offers technical assistance to providers. The OIG staff apparently did not spend enough time in our state to learn these facts.

Apart from the sensible suggestion that employees in child care centers undergo criminal background checks, we find little in the OIG audit which is helpful, useful or even factual. For the reasons stated above, we feel that the most of the recommendations of the audit are already being followed or are not applicable to our state's actual situation. There is no reasonable empirical data sufficient to require further federal mandates to our state regulators...unless of course we can judge a body of 535 members by a statistical sample of just 1.5 of such members. We doubt that would be fair and we trust that the members of Congress agree.

While we do not believe a case has been made for additional federal regulatory mandates of day care in North Carolina, we do feel that Congress can take limited steps to improve the quality of day care. The primary step would be to insure that North Carolina implements current federal law requiring a voucher system for subsidized care. The voucher would do much to increase parental choice and accountability on the part of operators. Our state regulators are hostile to the voucher concept and have resisted its implementation.

We also ask the members of Congress to be aware that parents can best monitor the health and safety of children when the care providers are locally and community based. Excessive regulation will

only drive the cost of child care up to the point that only large corporate orperations or the government itself can provide the care. The loss of personal and decentralized care options would be a loss for diversity, parental involvement and child care availability.

Although we give very little credibility to the OIG audit, we note that many of the problems it allegedly found were in foster care -- which is not regulated by day care authorities in North Carolina. This illustrates the fact that resources need to be targeted where there may be a greater need and not at providers who may already be over regulated and certainly not under regulated in our state.

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1 At a meeting of the N. C. Child Day Care Commission on February 3, 1994, Dr. Richard Clifford, Director of the Division of Child Development of the N. C. Department of Human Resources (the agency charged with administering day care regulations in North Carolina) stated that he had been contacted bo OIG workers seeking information and leads on centers with problems. At the time Dr. Cliifford was not a state regulator, but was employed by the University of North Carolina. Dr. Clifford was (and is) of the opinion that the inspectors were specifically looking for problems.

For futher information contact:

Nancy Ratcliffe, Executive Director
NCVCC
5306 Wales Street
Charlotte NC 28269
(704) 597-9833
Fax (704) 596-7236

or

Raymond A. (Ray) Warren
Public Policy Consultant
NCVCC
2341 Kenmore Avenue
Charlotte NC 28204
(704) 358-3400
Fax (704) 375-4015

CHILDCARE RESOURCE NETWORK

608 Water Street
Baltimore, Maryland 21202

Phone: (410) 752-7588
Fax: (410) 752-6286

Richard E. Hug
Chairman
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Mark I. Wasserman

A Project of Maryland's Business Community, Maryland Committee for Children, Inc., and the Maryland Department of Human Resources

Maryland Child Care Resource Network Backgrounder

Maryland Committee for Children, Inc. (MCC), is a private, non-profit membership organization which, since 1945, has been an advocate for children and their families. Focusing on the needs of the young child, MCC works to improve the quality of early educational opportunities, to increase the availability of child care throughout Maryland, to help parents identify child care programs for their family, to assist employers in the development of supportive work/family policies, and to speak out on matters of public policy for those who are too young to speak for themselves.

The Maryland Child Care Resource Network (Network) is an innovative public/private partnership between government, the business community, and the philanthropic community. The Network is based at and overseen by MCC, which has twice won the leading role of operator of the Network's statewide child care resource center.

Initiated by the Maryland Employers Advisory Council on Child Care, the Network has enjoyed the strong support of Maryland's business community, Governor William Donald Schaefer, and the Maryland General Assembly since its inception in 1989.

The Maryland Employers Advisory Council on Child Care was developed in 1988 by MCC to apply the acumen of a select group of Maryland's corporate, union and government leadership to the problems that have plagued child care delivery in this state. Chaired by Sanford I. Weill, (Chairman, President and Chief Executive Officer of what is now The Travelers), the Council's goal was to develop an effective business plan for improved child care delivery statewide.

With the help of Governor Schaefer, Mr. Weill successfully recruited to the Council the leaders and chief executives of corporations and organizations including PHH Corporation, Baltimore Gas & Electric Company, The Baltimore Sun, Legg-Mason Wood Walker, Inc, Blue Cross Blue Shield of Maryland, Monumental Corporation, Baltimore Council of AFL-CIO Unions, and Nationwide Fulfillment Systems.

Over the next year, the Council reviewed the strengths and weaknesses of Maryland's child care delivery system, compared it to the delivery systems

of Massachusetts and California (which were at the time regarded as the leaders in child care), and considered nationally debated models for improved child care delivery. After substantial study, the Council determined that the child care delivery system of Maryland offered a sound base on which to build, but lacked adequate supports to facilitate the development of quality child care across the state.

To remedy this situation, the Council proposed the initiation of a public-private partnership project that would develop an infrastructure for the state's child care delivery system through the creation of a private, non-profit child care resource center network across Maryland. Ultimately, the Maryland Child Care Resource Network would include a statewide child care resource center (SCCRC) and twelve regional child care resource centers (RCCRCs) in areas corresponding to the state's child care licensing regions.

This Network would delivery an array of services designed to improve and expand child care resources and would actively involve a broadly defined group of "shareholders" in the development of these resources. The Council identified the "shareholders" community to be parents, providers, regulators, employers, educators, labor groups, local and state government, public agencies, and civic charitable, and advocacy organizations.

The Network's proposed services included helping parents find and learn how to evaluate and select child care; providing training to child care personnel and parents to improve skills: offering technical assistance to employers to help companies become more "family friendly': providing assistance to those who are starting new child care programs, expanding existing ones, or struggling to stay in business; collecting data which documents the needs of young children and their families as well as the child care delivery system; engaging in public educational activities to heighten awareness about quality child care and strengthen the delivery system; and serving as a catalyst to foster collaboration among all sectors delivering services to young children and their families.

The Council proposed a three-year demonstration of the Network in order to test the model. The demonstration provided for the creation of the SCCRC and three RCCRCs, one each in an urban, rural and suburban region of the state at a total cost of $7,000,000. In an unprecedented move, the Council agreed to raise approximately one-third of the demonstration's cost from the private sector, provided that the State of Maryland Commit to funding the balance. The Council's proposal is documented in detail in the report, "Shareholders in the Future: Marylanders Invest in Child Care."

In November of 1988, Governor Schaefer endorsed the Council's proposal and during its 1989, 1990, and 1991 sessions, the Maryland General Assembly approved the state's share of the demonstration project's first, second and third year funding. The Network demonstration project was hugely successful, and in 1992 and 1993, the General Assembly approved funding for the continuation of the project beyond the demonstration phase.

The Maryland Committee for Children, Inc. was initially identified through a request for proposals process administered by the Department of Human Resources to be the operator of the statewide child care resource center within the Network. As such, it assumes primary responsibility for the implementation of the demonstration project. In 1993, MCC was again awarded the contract by DHR to guide the Network as the project was funded and extended beyond its demonstration phase.

The Network's overarching philosophy is one of economy of effort and expense. Based on tried and true approaches that work for any business, the Network's centralized SCCRC guides and supports the regional CCRCs without setting local priorities. At the core of the Network stands the belief that regional child care needs throughout the state are best met by those who have the most at stake -- local resource centers and their shareholders.

The SCCRC's role to provide training and technical assistance to regional child care resource centers (RCCRCs), statewide data collection and dissemination, public education and fundraising. The SCCRC sets standards of quality for the Network as a whole and standardizes certain procedures and materials in order to maximize resources and prevent duplication of effort by the regions. Nationally acclaimed manuals and appropriate software have been written and designed by SCCRC staff with input from RCCRCs to ensure a consistent level or quality throughout the system.

RCCRCs are the core deliverers of the services outlined above within their communities and become a focal point for child care activity within each community. In keeping with the Network approach, the need for consistency, however, has always allowed each region flexibility to meet community needs and the ability to use unique local resources. By training RCCRCs to provide services and set priorities for their geographic regions, the SCCRC is able to assure quality service throughout the state. The RCCRCs are able to quickly address local concerns and provide relevant programs to their shareholders, without spinning their wheels in unnecessary duplicative work. The SCCRC was envisioned to facilitate and enhance the work of RCCRCs in order to maximize results.

A request for proposals was issued by MCC to determine the operators of the three RCCRCs within the demonstration. As a result of that process, resource centers were established in Baltimore City (urban), Prince George's County (suburban) and Western Maryland's Washington, Allegheny and Garrett Counties (rural).

In 1989, the Maryland Employers Advisory Council transitioned into the Board of Directors of the Maryland Child Care Resource Network and is now chaired by Richard E. Hug, Chairman of the Board of Environmental Elements Corporation. Since the Network's inception, $1,298,950, has been raised from the private sector in support of this project.

Most noteworthy, however, are the Network's results, which exceeded all programmatic expectations. Between September 1990 (when the Network's three regional child care resource centers joined MCC in providing services) and December 1993, the Network has:

-- helped 61,479 callers find child care for 70,443 children;

-- trained 24,752 individuals who were interested in providing care, improving their programs, or bettering their parenting skills;

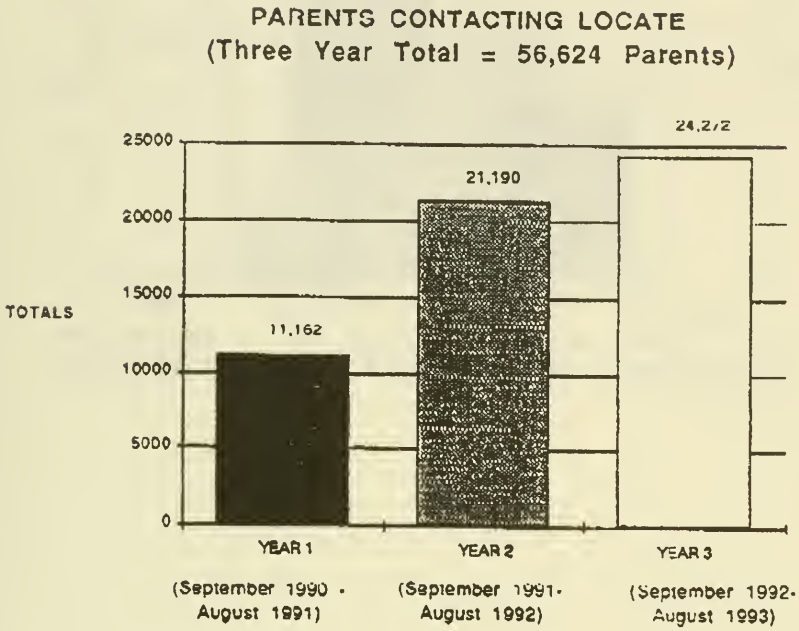
-- assisted 12,758 callers needing information on starting or expanding child care programs/resources;

-- helped create 1,345 new family child care homes (which net an average of $10,753/year/home = $14,462,785 of new business revenue for the state);

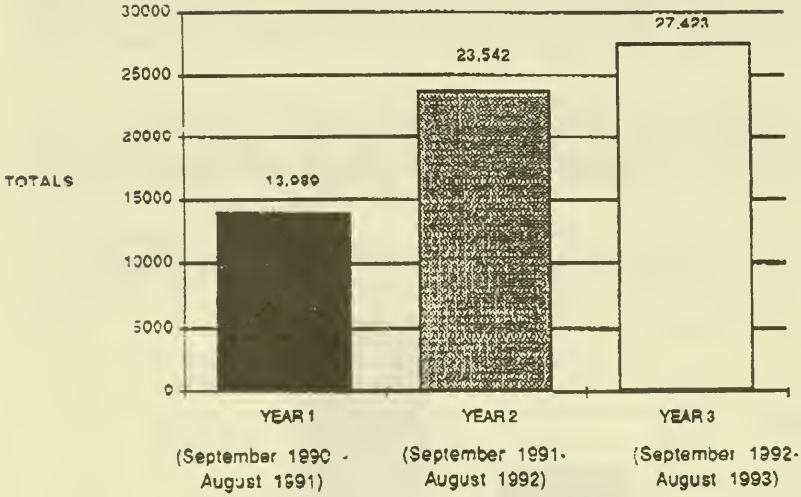
-- helped create 119 new or expanded child care centers; and

-- increased the supply of child care by 12,286 spaces.

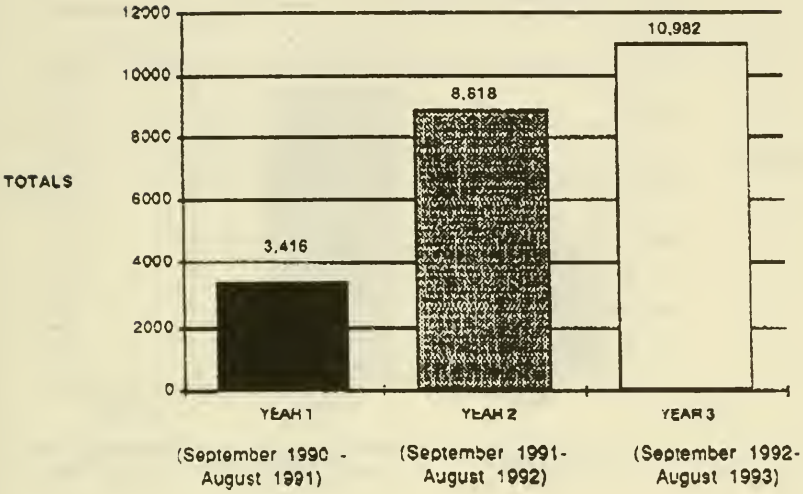
Network Accomplishment Charts



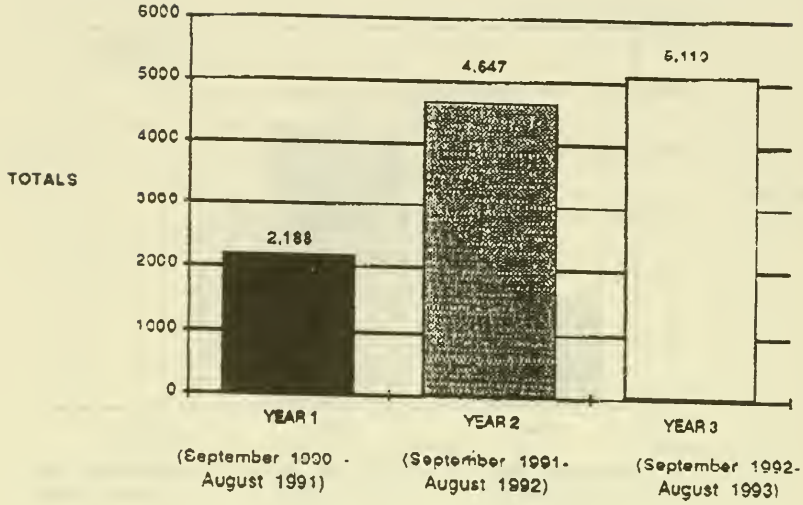
CHILDREN SERVED BY LOCATE
(Three Year Total = 64,954 Children)



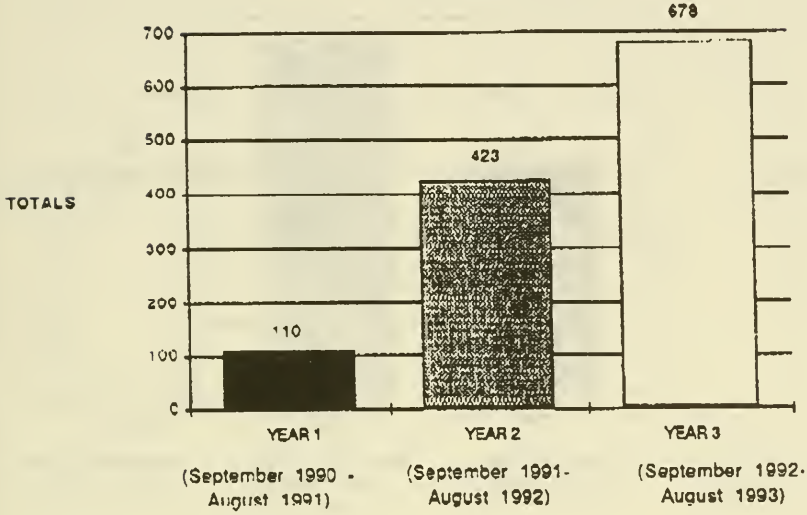
NUMBER OF CHILD CARE PROFESSIONAL
AND PARENT TRAINEES
(Three Year Total = 23,216 Trainees)



NUMBER OF TECHNICAL
ASSISTANCE CALLS
(Three Year Total = 11,945 Callers)



NEWLY REGISTERED FAMILY CHILD CARE PROVIDERS
(Three Year Total = 1,211 Family Child Care Providers)



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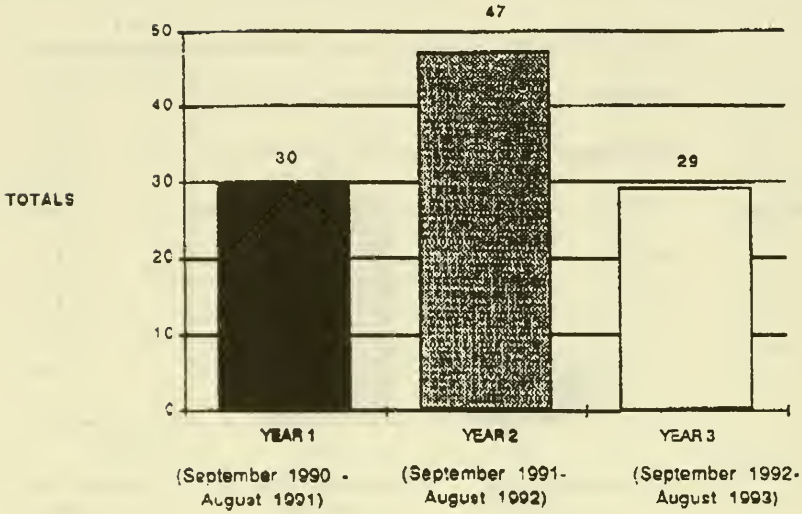
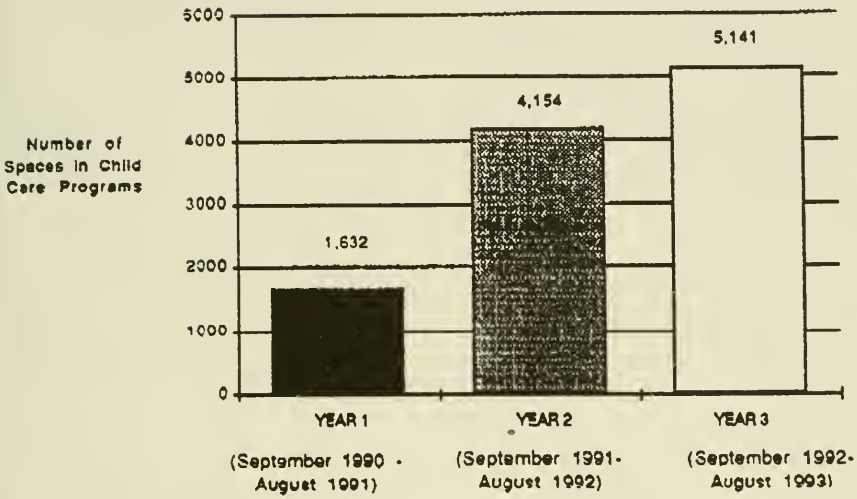
NEW/EXPANDED CHILD
CARE CENTERS
(Three Year Total = 106 Centers)



NEW SPACES IN FAMILY AND CENTER-BASED CHILD CARE PROGRAMS
(Three Year Total = 10,927 New Child Care Spaces)



ISBN 0-16-044875-1